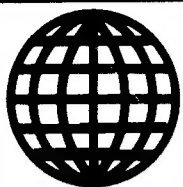


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27 JUNE 1990



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# ***JPRS Report***

## **East Europe**

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# East Europe

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## GERMAN DEMOCRATIC REPUBLIC

### Unification Law Problems Surveyed

90GE0122A Hamburg DER SPIEGEL in German  
Vol 44 No 21, 21 May 90 pp 34-45

["Debate" among Ulrich Preuss, Rupert Scholz, and Wolfgang Ullmann, with moderators and DER SPIEGEL editors Axel Jeschke and Wolfgang Malanowski; place and date not given: "Have the People Been Submerged?"—first four paragraphs are DER SPIEGEL introduction]

[Text] Preuss, 50, is professor of public law at the University of Bremen, coauthor of the "Alternative Commentary" on the Bonn Basic Law, and advised the roundtable on the drafting of a new GDR constitution.

Scholz, 52, was senator for judiciary and federal [affairs] in Berlin, then—until April of last year—minister of defense, teaches constitutional and administrative law at the University of Munich, and is coeditor of the commentary on the Bonn Basic Law, "Maunz-Duerig-Herzog-Scholz."

Ullmann, 60, is a doctor of theology, lecturer on church history at the Berlin-Brandenburg Ecclesiastical College, was one of the founders of the GDR citizens' movement "Democracy Now," sat at the roundtable and in the Modrow government, and is now vice president of the People's Chamber.

[DER SPIEGEL] Mr. Preuss, Mr. Scholz, Mr. Ullmann, formally the GDR constitution of 1974 is still in force. According to it, the GDR is still a "socialist state of workers and peasants"; the "foundations of socialist society" are "inviolable"; and the national territory of the GDR is just as inviolable. After the peaceful revolution, is the real revolution yet to come?

[Ullmann] What happened in the GDR in November 1989 is only partially described correctly by the word "revolution." It cannot even be compared to the November revolution of 1918. We were confronted with an overly powerful state apparatus. We were without weapons, we wanted no weapons, and we wanted no force. We came out of the peace movement.

[Preuss] The classic revolution removes the old order; then follows a vacuum, and the new can come into free play. The problem of the GDR revolution, which I did not understand for a long time, is basically that it was carried out by very reluctant revolutionaries whose need for continuity is very strong. The old order was to die gently. That explains the legally untidy situation we are dealing with now.

[Scholz] It was a revolution, and it ran a procedural course. And this process is not yet concluded with regard to the shattering of the SED [Socialist Unity Party of Germany] apparati and SED structures.

[DER SPIEGEL] Is the GDR constitution "a rag" as SPD [Social Democratic Party] chief Menckel thinks, or must the GDR "live with what...we happen to have," as prime minister de Maiziere puts it? Does it continue in force, as the FRG Government believes, or does the thought hold true expressed by interior minister Schaeuble, according to which "a constitution which was created to secure the totalitarian claim of the SED" must not thwart "what people gained through their peaceful revolution"?

[Preuss] The GDR constitution is formally still in force, but politically it can no longer be the foundation of the state. In this respect, not the real revolution is yet to come but [rather] consolidation of the results of revolution in a new constitution.

[Scholz] The 1974 constitution was made obsolete by the successful revolution; it is no longer valid. The fact that it is still on the books is unimportant. The GDR today is in a constitutional vacuum which is typical of revolutionary situations. Since 18 March 1990, the first free elections to the People's Chamber, the GDR is no longer a socialist state, it has become a pluralistic democracy.

[Ullmann] I cannot subscribe to that. The existing constitution was the basis for the elections which are decisive for the present political and constitutional situation. At the same time it is, naturally, also true that this constitution time and again proves to be an obstacle to political action because it is founded on political preconditions no longer existing. I do not want to fight here about the word "revolution"; it is a fact that a renewal of the constitutional legal situation has only partially taken place. As spokesman of the revolutionary citizens' movement, I must say that the consequences must yet be drawn.

[Scholz] If what you are saying is true, Mr. Ullmann, then, until the constitution is formally abolished—so far, essentially only the SED leadership monopoly has been eliminated—you are enemies of the constitution. That can't be right.

[Ullmann] We started our fight against the SED in the fall by saying: what you have done was unconstitutional. That is one reason for holding on to this constitution until we have a new one. And besides, Mr. Scholz, one must remind [people] once in a while that the constitution came into being because of a plebiscite.

[DER SPIEGEL] And how did that result, typical of totalitarian states—94.5 percent [in favor]—come about?

[Scholz] That was a sham plebiscite.

[Ullmann] I, who am not being suspected of saying bad things about my compatriots, must for once criticize here the majority of GDR citizens. There was detailed public debate at that time. One could make critical remarks, which I and also others did, and it was also quite possible to vote No.

[DER SPIEGEL] How can the GDR constitution—provided that it actually, formally, continues to be in force—be abolished? Is another plebiscite necessary, does it require a two-thirds majority in the People's Chamber, or is a simple majority enough?

[Preuss] I am of the opinion that the old constitution must be expressly abolished and replaced by a new GDR constitution. The new constitution would have to be passed by a two-thirds majority in the People's Chamber and adopted by plebiscite.

[Scholz] If the GDR wants to adopt a new constitution, it can do so with a simple majority in the People's Chamber, but it can also subject its adoption to a plebiscite. It has a free hand in this initial phase after the turnaround. I am decidedly of the opinion that the old order no longer has any material existence.

[Ullmann] I maintain that we must replace the 1974 constitution with a new one, and soon. We could and should have done it long ago; the draft by the roundtable has been ready for weeks. It is a grotesque situation that it is constantly being said that it must go fast, we cannot now afford endless discussions on the constitution, and nothing happens.

[DER SPIEGEL] The German revolutionaries of November 1918 paid no attention to the monarchist constitution of the Reich. The Council of People's Deputies assumed revolutionary power in the Reich and in a way proclaimed itself creator of the constitution.

[Preuss] In November 1989, the power also lay in the street. The revolutionaries did not take it, evidently they did not even want to take it.

[Ullmann] May one of the so-called revolutionaries of 1989 also state his opinion on these critical as well as well-intended interpretations? As far as I am concerned, the will for continuity was definitely there. After all that has happened in the GDR in 40 years, we did not want to diverge even one millimeter from constitutionality, even vis-a-vis the Stasi people. But naturally, we also wanted true discontinuity. I already demanded at the end of October elimination of the SED leadership monopoly from the constitution, and at that time power did not yet lie in the street. For this reason, the roundtable began already on 7 December with drafting a new constitution.

[DER SPIEGEL] The draft of the constitution by the roundtable has been languishing in the drawer for weeks. But why and wherefore a new GDR constitution since the demise of the GDR state is already a settled matter?

[Scholz] The people in the GDR want first to get away from the constitution of injustice which they have overcome. They want something new which guarantees their freedom. Nonetheless, I consider a new GDR constitution problematical. I am of the opinion that we should not excessively overburden the unification process of the two German states. In this historic hour we have more

important things to do than to pile up constitutional problems, which can also be discussed after unification.

[Ullmann] The "historic hour" is to me a questionable argument. We have problems in the GDR, and they must not simply be swept under the carpet.

[DER SPIEGEL] In your estimation, how long would a constitutional debate on a new GDR constitution take?

[Ullmann] That I don't know.

[Scholz] CDU [Christian Democratic Union] deputy Roland Becker said something to this effect in a constitutional debate in the People's Chamber: If we do not quickly adopt the Bonn Basic Law, then people will run to the Basic Law.

[Ullmann] That is one of the suggestive arguments.

[Scholz] Can we really afford to postpone German unity until a more or less fundamental constitutional debate is concluded in the GDR, and then fight over an all-German constitution? I tell you, that will take years.

[Ullmann] We cannot bypass certain issues, Mr. Scholz. Whether it is Paragraph 218, which is already being hotly debated or, in view of the expected mass unemployment in the GDR, the right to work. It is all interconnected. I do not want unity under legally suspicious or unacceptable conditions. And many in the GDR feel the same way. In an Infas poll, as many as 42 percent of the GDR population favored a constitution of their own, and 38 percent [favored] an all-German constitution; only nine percent were for adoption of the Bonn Basic Law.

[Scholz] The GDR population is not yet adequately familiar with the Basic Law.

[Ullmann] So much the worse.

[DER SPIEGEL] West German constitutionalists have expressed the suspicion that the GDR draft constitution corresponds above all to the wishful thinking of leftist colleagues from the FRG who advised the roundtable, you among others, Mr. Preuss. It is said that you used the occasion in order to start a constitutional debate in the FRG, for which you would not see a chance otherwise.

[Preuss] I was only an adviser. I tried to make clear to the representatives at the roundtable the implication a regulation has on the respective structure of a democratic constitution. Naturally, it is true that I also took critical stock of the FRG's experiences with the Bonn Basic Law. After all, I am not part of the mainstream of West German doctrinal constitutional law, and quite deliberately so.

[Scholz] I, on the other hand, am glad to be a part of it. But that mainstream in particular was not represented.

[Ullmann] But it expressed itself vociferously in all the media.

[Preuss] I was deliberately reserved in the political debate at the roundtable; I was even criticized for it by some. I always said: You must draw the political conclusions.

[Scholz] The GDR draft contains quite a number of regulations which have no chance of gaining a majority in the FRG, especially not a majority to change the constitution. Let me use the example of the prohibition of lockouts, or plebiscites. The suspicion is actually not far-fetched that some would like to use the new start in the GDR in order to tinker with the Basic Law.

I consider a new GDR constitution superfluous; the GDR today is not lacking legitimation. In addition, this draft is too closely tied to [specific] situations, too perfectionist. By comparison, the Bonn Basic Law is a very sparing, open, and hence very viable constitution, it makes inherent changes possible. For example, child day care centers are a topical sociopolitical problem in the GDR, but they are out of place in the constitution.

[Preuss] I would like to add here a small compensation: I balance the child day-care centers in the GDR draft with Article 138 of the Basic Law on the southwest-German notariat.

[Scholz] That is a transitional regulation.

[Preuss] The entire GDR constitution drafted by the roundtable is a transitional constitution.

[Scholz] Then you can save yourself the trouble.

[Preuss] From the starting point, the GDR draft is a citizen-oriented constitution. While the Bonn Basic Law practically claps order on society's head, the GDR draft is based on a reciprocal promise of male and female citizens. Otherwise, the draft is not at all revolutionary. In only a very few places are there considerations which are new; not in comparison with the FRG legal system, but only in so far as certain regulations—such as the right to work and work [development] promotion—which in the FRG are anchored in the simple text of the law, here receive constitutional rank. That is the only serious difference.

[Scholz] With the best of intentions you cannot claim that the Basic Law is not geared to the citizen. Basic rights are quite deliberately ranked in first place. The Basic Law begins with the citizen, and only then comes the state, and not the other way around. That is what distinguishes our constitution from the Weimar Reich constitution.

[Preuss] May I remind you, Mr. Scholz, that in the 1970's and still in the 1980's, we have produced an immense literature on the so-called crisis of the parliamentary system of government in the FRG. Had it not been for the student movement, suspiciously observed by the then-exponents of political power, and the extra-parliamentary opposition, we would still have a very rigid system.

[Scholz] Of course, the student movement and the extra-parliamentary opposition were very close to you, Mr. Preuss. But I do not see that this movement has fought for and won something against the Basic Law. On the contrary, it utilized free spaces opened up to them by the constitution.

[Ullmann] I accept expressly that, as Mr. Scholz says, a constitution must not be oriented to the moment, that it must be open. I criticized many GDR laws for including in the text all sorts of political situations, and also in the text of the constitution. On the other hand, it also makes common sense in the GDR [to recognize] that the parties failed, although in a situation very different from that in the FRG. I have in mind the block parties CDU, LDPD [Liberal Democratic Party of Germany] and NDPD [National Democratic Party of Germany]. They were unable to act in the fall of 1989, surely because of the SED party dictatorship. That explains the distance to parties and purely representative democracy.

[DER SPIEGEL] Mr. Ullmann, in your draft popular opinion elements, such as petitions for a referendum and plebiscites, play a decisive role. Evidently you wish to save the citizens' movements, the providers of the revolutionary impulses, from the powerful parties which have steamrollered everything with Bonn's help.

[Ullmann] With regard to the plebiscite, the draft is quite moderate compared to, for instance, the Weimar constitution. What is said there is formulated in a truly well-thought-out and cautious manner. In fall 1989, the citizens' movements, citizens' committees and roundtables played a decisive role in the renewal of political life. Their spirit must be reflected in the new constitution. I cannot imagine that the political parties should be, and remain, the sole and exclusive instruments for formation of the political will.

[DER SPIEGEL] Former constitutional judge Helmut Simon, who also advised the roundtable, in this context spoke of the "representative absolutism" of the Bonn Basic Law.

[Scholz] I must say I find Simon's expression very bad. In the FRG, we experience with this representative-parliamentarian system one of the most stable and free democracies in German history. One must see that very clearly.

[DER SPIEGEL] Against the background of evil pasts and democratic promises, that also is relative. The omnipotence of the parties is a fact.

[Scholz] I don't believe that one can raise real reservations here.

[Ullmann] Yes, one can.

[Scholz] In my opinion, the Bonn Basic Law waived plebiscite elements for a very good reason, namely, because of historical experiences, the experiences of the Weimar republic.



[DER SPIEGEL] The Weimar republic did not perish because of plebiscites, as the opponents of referendums still like to picture. There were only two plebiscites in all, one in 1926 on compensationless expropriation of princes' property, and one in 1929 on the so-called Young Plan, which was to establish the reparations claims of the victors of World War I. Both failed.

[Scholz] Concrete procedures were not the decisive factor in the Weimar republic. It is the fundamental handicap which puts into question the decisionmaking primacy of parliament, thus creating instability.

[Preuss] In the GDR draft, not the primacy of parliament is put into question, but its monopoly. It says there: Laws are enacted by the People's Chamber or by plebiscite. Originally it had read: Laws are enacted by plebiscite or by the People's Chamber. We deliberately turned around the sequence, also because the parliament de facto has priority ranking. Furthermore, there are also impediments to keep as low as possible the premium for demagogues, which is always cited.

For example, a fully drawn-up and justified bill must be submitted, and budget laws are taboo in principle. Provisions are also made for negotiations on the respective bill between parliament and the initiators of a plebiscite. The parliament is not to be confronted with the alternative: Eat or die.

[Scholz] Mr. Ullmann, I have great understanding for the concerns of the people, namely the people that have just brought about a great revolution. Nevertheless: I warn against the attempt of wanting to break up the representative structures of our democracy. I fear here a serious constitutional conflict; that we should really do without now.

[Preuss] I am not of the opinion which many leftists embrace: Every time the people act, something progressive will result. But I have respect for what occurred in the GDR in fall of last year; the impulse came from the street.

But beyond that, I am of the opinion that in the FRG, also, a certain loosening of representative democracy, characterized by very strong party participation, through plebiscite elements would be appropriate. It should further develop Bonn democracy, not turn it upside down.

[DER SPIEGEL] A great debate is still raging on Articles 23 and 146 of the Bonn Basic Law—that is, either a quick "joining" or the detour via an all-German constitutional assembly and a plebiscite on the new constitution—although the decision in favor of Article 23 has already been made. Do you nonetheless consider a combination of both procedures meaningful: first joining, then a new constitution and a plebiscite on it?

[Ullmann] I am tired of the debate on the articles and am inclined to say: Oh well, it is your problem and how you cope with it. But I would naturally like to follow the reasonable proposals of our draft constitution, which in

content correspond to Article 146. If Article 23 is not to deteriorate into an annexation formula, then one can only see the preamble of the Basic Law as well as Articles 23 and 146 in one context.

[Preuss] The combination of Articles 23 and 146 exists. There is the possibility of negotiating an agreement, carry out unification, and then pass an all-German constitution in one way or another through the people's participation for all of Germany.

[Scholz] Well, first of all, Articles 23 and 146 are divergent variants. The Bonn Basic Law has kept open both roads to reunification. That is to say: If the road via Article 23 is taken—joining by the GDR—then Article 146 is expended. And Mr. Ullmann, Article 23 is really not an annexation formula. The article formulates exclusively the right of the GDR to join the purview of the Basic Law, without preconditions, and voluntary joining is not annexation.

After reunification, the Bonn Basic Law must initially also be put in force in the GDR. The all-German sovereign [the people] must then decide whether it wants to continue to live with the Basic Law, whether it wants to make changes, or whether it wants to have a new constitution altogether. The all-German parliament can also decide whether a constitutional assembly is to be called and if the new constitution is to be submitted to a plebiscite.

[DER SPIEGEL] [Isn't it true that] the regulations in the state treaty between the FRG and the GDR, which are to come into force before joining, are already so comprehensive that the later declaration of accession by the People's Chamber becomes a farce and that the constitutional debate is abruptly ended? Article 2 of the state treaty states: "The parties to the treaty adhere to the free, democratic, federative, constitutional and social basic order." According to Article 4, these "principles" are binding for the GDR for the "necessary legal adjustment."

[Ullmann] That, precisely, is annexation.

[Scholz] The economic, monetary and social union require such agreements. In the material sense, however, they are at the same time constitutional decisions, that is undeniable. But the People's Chamber has the authority to make such decisions.

[DER SPIEGEL] It can also reject them.

[Scholz] It can also reject it, naturally. It does not have to ratify the state treaty. Only, then there will be no economic, monetary and social union. That is the consequence. But what is to be agreed on here, Mr. Ullmann, are elementary democratic principles which are also contained in your draft constitution.

[Preuss] Materially, the state treaty represents a constitution of the GDR and, incidentally, is also intended as such by the people who, after the election defeats in North Rhine-Westphalia and Lower Saxony, are in an

even greater hurry about unification. The state treaty goes even beyond the legal situation in the FRG. Article 1 states: The basis of economic union is the social market economy. Hence the definition "social market economy" even attains constitutional rank. Such a definition in writing has been rejected time and again by the Federal Constitutional Court.

It has been said that West German constitutional lawyers were trying to smuggle something into the legal system of the FRG with the GDR draft. The truth is that the Federal Government is trying to smuggle something into the GDR legal system through the state treaty, which is not permissible in the FRG according to decisions by the Federal Constitutional Court.

[Scholz] The state treaty is totally within the framework of the Bonn Basic Law, also with regard to the social market economy. Because even if it is not prescribed under constitutional law, it is still truly valid and constitutionally legitimate.

[DER SPIEGEL] In fall 1989, the citizens of the GDR went into the streets with the motto: "We are the people." Have the people of the GDR meanwhile been merged into, or submerged by, the holy alliance of the CDU/CSU/DSU [Christian Democratic Union/Christian Social Union/German Social Union]?

[Ullmann] That must be decided by the people themselves.

[Scholz] They have already decided that—in the first free elections to the People's Chamber. There, they also articulated their constitutional will and constituted themselves as the democratic people's sovereign.

[Preuss] The result of the 18 March election is a majority decision taken under the pressure of certain urgent problems. That is why we consider it so very important that a decision be made on a constitution, that the GDR people, in a way distanced from immediately urgent problems, give thought to how they envision their political existence.

[Ullmann] Our government has just introduced a law changing the constitution in order to reconcile the regulations of the state treaty with the 1974 GDR constitution. In reality, our government is interested in preventing a proper public discussion on the state treaty and a plebiscite thereon.

[DER SPIEGEL] Mr. Preuss, Mr. Scholz, Mr. Ullmann, we thank you for this conversation.

### **Berlin Government Coalition Prospects Viewed**

90GE0114B East Berlin BERLINER ALLGEMEINE  
in German 15 May 90 p 3

[Interview with Dr. Hans-Juergen Fischbeck by Lutz Teske, place and date not given: "Is Grass Roots Democracy in Berlin Falling By The Wayside?"—first paragraph is BERLINER ALLGEMEINE introduction]

[Text] The coalition poker game over the formation of the municipal council is slowly entering the heated phase. While SPD [Social Democratic Party] candidate for lord mayor Schwierzina has fallen into line with the idea of a grand coalition consisting of the SPD, CDU [Christian Democratic Union] and the Alliance 90/Greens, the green citizens movement remains opposed to the CDU. BERLINER ALLGEMEINE interviewed the physicist Dr. Hans-Juergen Fischbeck from the Speakers Council Democracy Now.

[Teske] Rejection of the CDU by the Alliance. Is this a stance that can be overturned?

[Fischbeck] For us the CDU is a chameleon that has gone through almost every shade of political color in the last few months without any self-criticism. First Red, then black, and now, when power is involved, pink. In addition, this old-line party has been controlled by the West for a long time financially, organizationally, and politically. With a Trojan horse like this, no social policy that corresponds to the interests of the citizens can be formulated. We need honesty to meet what is ahead of us.

[Teske] Would it not be more appropriate to make compromises on individual points?

[Fischbeck] In my opinion, no. Under the conditions stipulated a fruitful, trusting policy cannot exist. At the roundtables we were forced to conclude that an Aугean stable of privileges, corruption and other favors exists here in Berlin. It turns out to be particularly smelly and swampy during the breakup of the Stasi. Anyone who is in that with both feet cannot create a new city policy.

[Teske] An open letter from Alliance 90 and the Greens to the Social Democrats says that the SPD needs courage to be a minority municipal council. So there is agreement on content?

[Fischbeck] In most matters, yes. Particularly in the key point of safeguarding GDR citizens' property and preventing the privatization of community property, but also in questions of city development there is a complete consensus with the SPD. Our closeness to the SPD and perhaps spiritual kinship is the result of the time spent together opposing the SED [Socialist Unity Party of Germany] regime. For this reason the important topic of the retention of the Round Tables is not a point of disagreement. In our view this grassroots based experience should be retained as a forum for hearing smaller citizens initiatives or renters groups. A citizens' representative should be given the right to speak and make motions in the city parliament. In this as in other Alliance concerns regarding basic grassroots democracy there will be no friction.

[Teske] What ideas exist in the Alliance concerning the Allied status of Berlin?

[Fischbeck] We do not want to alter its Four-Power status hastily. But demilitarization, principally the withdrawal of the NVA [National People's Army] from the



Eastern part, is at the top of our working list. Just as the opportunities for referenda should exist in Berlin, a referendum should also decide about Berlin as the capital of a single Germany. Similarly, whether Berlin should become a city state or part of Land Brandenburg.

[Teske] What ideas are there about the merging of Berlin's city parliaments?

[Fischbeck] The first thing is that the committees of both parliaments would have to meet jointly on important decisions, just like the house of deputies and the city delegate assembly. The regional committee would have to reconstitute and restructure itself. In addition a new joint local constitution should be worked out. In the end the citizens of Berlin have to decide. But with the political importance of Berlin, nothing should be done hastily.

[Teske] On both sides there are constant arguments about plans for transportation. Which one does the green Alliance support?

[Fischbeck] We are in favor of expanding the public local transportation network soon, including the opening of all U-Bahn [underground] and S-bahn [streetcar] stations and we are opposed to the expansion of the inner city autobahn ring. Low-traffic zones and pedestrian zones have to take precedence over pouring more concrete over everything. Using a star design, green oases should be created along the S-Bahn and the main arterial roads, with moderate amounts of industry and trade located between the two. In order to bring about a drastic reduction in noise pollution in the inner city, a new major airport should be built south of Berlin, perhaps on former military airbases. New rail links to the Laender could be constructed along with it. Tegel, Tempelhof, and Schoenefeld should close down. With all these transportation questions, a long-term ecologically oriented plan for land-use is needed. But it should not be discussed only in West Berlin, as is the case at present.

[Teske] The Alliance's ideas have Berlin as the cultural center of Europe. What policy is the Alliance aiming for concerning foreign nationals?

[Fischbeck] Foreign nationals living in Berlin should retain their right to vote in local elections in any case. There is unity with the SPD on this point. But with the probable growing influx of foreigners into the city we have to think about what we can handle. We will certainly have to look for new ways, particularly at the joint-state level. But with all our problems we must not forget those people who come to our country mostly from the Third World. I am opposed to the egoism which can be heard in many places, which is expressed in terms such as—I am not giving up any of our anticipated affluence: If we close the gates, we will only aggravate the north-south conflict. That must not be lost in our local politics. Berlin must be open to the world.

[Teske] Everything to do with unification ends up as the tired old Western political landscape. Does the citizens' movement have any prospect at all?

[Fischbeck] It is possible to have the impression that grass roots democracy is falling by the wayside as the two party leaderships coalesce. But the problems will grow, not just here in Berlin. A lot of people will remember the experiences and the strength of the citizens movement during the upheaval. This grassroots democracy is a piece of the GDR's identity, and I believe it can survive. But we are realists. Most people want to have policy made and not make it themselves. But we must become a platform for those who want to become involved. I believe that for this reason it is eminently important for the self-confidence of the citizens and the movements to govern together in Berlin. If it should succeed, it would set a course for a future Red-Green Berlin and be a push for a discussion about a pan-German constitution.

### Judicial System Problems Sketched

90GE0114A East Berlin DER MORGEN in German  
15 May 90 p 3

[Article by Frank Losensky and Karsten Witzmann:  
"Stasi Shysters Could Be Toppled in 24 Hours"]

[Text] Dr. Armin Goellner (42) describes his former direct superior Hans-Joachim Heusinger as "a Stalinist hot potato who was rightly dropped." Shuffled off into the other German republic, even after the wall was opened, at the end of last week the insider visited the minister of justice in East Berlin, in the meantime retired, who once threatened him that he would only leave Bautzen II and go to the West "over his dead body." Now Goellner went to Heusinger in the East and said: "I am acquainted with GDR law, I am acquainted with the apparatus and I know which people still have to be replaced."

The man who in 1985 fell from the "pinnacle" of the judiciary into the sunless cell block of the Stasi prison in Bautzen, must also have made this offer to Prime Minister Lothar de Maiziere. Reportedly in de Maiziere's first week of office Goellner had a total of three hours of private audiences, the first immediately after the swearing in of the prime minister. He does not intend to hold the fact that Moscow's Ambassador Kotschmasov (no one else) was received ahead of him against his former doctoral candidate de Maiziere.

The first acquaintance of the prime minister and the jobless returnee dates from Goellner's better days as the youngest departmental head in the Stoph cabinet and honorary lecturer at the University of Berlin. De Maiziere had not only been the first in his year, but also "an absolute professional ace and one of the most brilliant lawyers." Other people saw it differently and refused to grant the correspondence course student the highest

honors for his diploma that his final examinations warranted. Section head Prof. Horst Keller said at the time: "A Christian cannot be better than most of the Marxists!"

The liberal-democratically educated Goellner does not intend to simply reverse this misunderstanding. "I am totally opposed to a witch hunt-like persecution of lawyers in the GDR simply because they were members of the SED [Socialist Unity Party of Germany]. Only the judges who were truly active in political criminal proceedings have to be replaced. It would have to be demonstrated that the others still possess the human and judicial qualities to be active in a future system of justice."

In his view, about one-fourth of the approximately 2,400 judges and prosecutors in the GDR have to be replaced. This could be accomplished in 24 hours, because the "Stasi shysters" were known to their colleagues. It made him squirm that a Rudolf Baumgart, "formerly the principal party secretary in the ministry and the most reprehensible informant for the state security liaison officers," was now in charge of Justice Minister Wunsche's office. The "prime example of perversion of justice personified" was the woman judge Vogel in Berlin, who sentenced Goellner in a secret political trial in 1985 to 46 months strict solitary confinement in the special prison in Bautzen.

The occasion had been a (betrayed) attempt to flee via Hungary, but the background leads back to that justice minister of the Honecker era: As Heusinger's personal coworker the nonpartisan shopkeeper's son from Perleberg (Ed. for some years he was a member of the LDPD [Liberal Democratic Party of Germany]) he saw himself in the role of a damage limiter. "I pulled people down from the political gallows in the back after they had been strung up in front." To get into this situation it was enough to be living on the edge of a wood selected for state hunting parties and to protest vehemently against the beating practices of the authorities. Letters of complaint to Heusinger, which provided the Stasi with welcome leverage against the writers, Goellner disposed of—as he thought in great secrecy.

The outcome: firing, reprisals against his wife and three children, prison, disbarment after the amnesty obtained for him through Bonn, and finally "release from GDR citizenship" on 13 November 1989. The fate of not just one person, as we know. From intimate personal knowledge, Goellner estimates the total number of those who have been the victims of political criminal law since the GDR was established as high as between 200,000 and 250,000 persons.

Goellner, now a citizen of the FRG, feels pulled to return to Berlin to help "create the peace based on law in the GDR that has never existed and that is still topsy-turvy." He does not want to gauge his relationship to this "partial population of the German nation, which—if no one pays attention—will lose World War II for the

fourth time...by the wounds and scars" that were inflicted on him before. He has offered his assistance to de Maiziere and the Interior Ministry "in establishing limits" for the Westerns "who plan to move into the GDR with their gold digger mentality."

The Federal "pope of civil law and civil procedural law"—Goellner was considerate enough not to mention his name—recently informed him that with Article 23 of the Basic Law "the GDR would have its legal cap pulled down not just over its ears, but right down over its shoulders." Other conversations bore witness to the fact that this country is "being ranked somewhere just outside of Vladivostok, and partners with equal rights would be more likely to be sought in the opposite part of Europe." Hardly a trace of any sense of proportion, timing, character, and ethics, which for him are urgently needed parts of the unification process.

"For a longer-term period we will still have two different legal systems in Germany, even with a unified German Basic Law," is how the Mannheim legal advisor summarizes his thoughts, which found willing listeners in Berlin. This week, Goellner, who has all the prerequisites to be an "eminence grise," is returning to East Berlin for internal talks. In the office of de Maiziere representative and Minister of the Interior Peter-Michel Distel it could really come to discussions about his role in future government business. If Goellner's hints are being interpreted correctly, it will not be below than the level of under secretary. "My assumption is that I am considered to be an honorable fellow."

His core thesis is that a transition phase of up to 10 years will be needed to reestablish unified German law. In the last two decades the GDR had consistently set up original law which affected citizen-to-citizen relationships a million fold in the realm of civil law. That situation could not be brought back to the level of the Civil Code "with some juristic trick." The fact was "that nothing, absolutely nothing will be changed in the BGB [Civil Code] of the FRG in our favor." A particular problem was presented by the shameless appropriation of the law governing real estate and property.

On the other hand, the Penal Code, the Commercial Code and the law governing stocks and limited companies could be introduced almost without modification. "We cannot carry out Western market economic development in the GDR using Eastern law." From purely economic pressures the equalization of the law will proceed most quickly in this area "in spite of all the recalcitrance," in Goellner's opinion, who is "optimistic when all is said and done." He sees the critical overall condition for economic consolidation in peace based on law. It is "the engine oil without which absolutely nothing runs."

## HUNGARY

**Szuross on MDF-SZDSZ Pact, Democracy, Recognizing Reform Communists**

25000733F Budapest MAGYARORSZAG in Hungarian  
18 May 90 p 19

[Interview with Matyas Szuros, diplomat, former provisional president of the Republic, and former MSZMP CC [Hungarian Socialist Workers Party Central Committee] secretary, by Pal Berko; place and date not given: "Politics; Ill Fate; Much, Much Patience Is Needed"—first paragraph is MAGYARORSZAG introduction]

[Text] Matyas Szuros has been a Foreign Ministry official and has served as ambassador in Berlin, and later in Moscow. He was subsequently head of the Hungarian Socialist Workers Party [MSZMP] Central Committee [CC] foreign affairs division, after which he became the secretary of the CC. Last March he was elected president of the National Assembly, and on 23 October he became provisional president of the Hungarian Republic. He ran in the elections as an individual candidate and won a seat in the new legislature. In the early days of May—at the organizational meeting of the new National Assembly, he was elected as one of the vice presidents of Parliament.

[Berko] How did the transfer of office to your successor, Arpad Goncz, go?

[Szuros] On the afternoon of the day he was elected I informed him of the situation in the course of a conversation. I told him that the office of the president had functioned with a very modest staff thus far. I did not want to change that situation, because my commission was of a provisional character. Consequently I did not want to build a presidential office which might not be appropriate for my successor. In the course of the discussion I also told Mr. Goncz that during the presidency, in cooperation with the government and the prime minister, I had endeavored to create a situation in which the new president of the Republic could take office with a "clean slate." Accordingly, there were no matters in progress or which required immediate action, and there were no pending personnel matters either, because in the course of the preceding weeks a host of state secretaries had resigned or requested that they be relieved of their duties. I brought to Mr. Goncz' attention the experienced professional staff of the presidential office, whose confirmation will be unavoidable in the near future. This is my private opinion. In order to assist the president in his workings there will be a need for expert groups in the field of military affairs and constitutional law, but a heavy corps of experts will also be needed for the monitoring of the workings of autonomous governmental bodies, or for the changing of the present system of awarding decorations. Even the latter is not inessential. Accordingly, the president of the Republic will have to rely on a corps of experts that is broader than it now is. Returning to your original

question: The transfer of my office was accomplished in more or less an hour's time.

**Signals Danger**

[Berko] What is your view of the agreement between the Hungarian Democratic Forum [MDF] and the Alliance of Free Democrats [SZDSZ]?

[Szuros] We are dealing with an essential issue here, with an agreement between the two strongest parties in Parliament, notably with the fact that Parliament, not the people, elects the president of the Hungarian Republic, while at the same time the two parties would vest the president with broader authority than before. In my mind, the agreement between the parties signals danger, the evolution of a parliamentary system in Hungary which is fundamentally influenced by the government. This is not a new phenomenon in the world, because West European parliaments operate along the same principle. There, too, the goal is to render governmental work as smooth as possible. This purpose is also served by that point of the MDF-SZDSZ agreement which enumerates the kinds of issues which require a two-thirds majority vote in Parliament. Let me add here: At the time negotiations were conducted in the framework of the Opposition Roundtable an agreement was reached in regard to the "two-thirds" majority requirement, perhaps precisely at the initiative of the SZDSZ, then in the opposition. At that time the intent was to restrict the power of the Nemeth government. Accordingly, the agreement between the MDF and the SZDSZ serves the fundamental purpose of limiting the activities of the opposition, because as a result the opposition's work is restricted mostly to debate. Yet in the present political situation the people should have the right to directly elect the president of the Republic. A president entering office under such circumstances—due to his legitimacy—could become an important balancing, coordinating factor, irrespective of what party he personally belongs to.

[Berko] To what extent does the new Parliament reflect the interest stratification of today's Hungarian society?

[Szuros] Based on the composition of the new Hungarian National Assembly the most we may conclude with certainty is that in the elections Hungarian society did not vote for something, but voted against something, and this something is the former state party or party state. The six parties which obtained representation in the legislature are by all means insufficient to reflect and represent the interests of the broad masses of society in a reliable manner. Missing from the seats in Parliament are representatives of the interest groups—trade unions, the Hungarian Economic Chamber, the nationalities, etc.; and the fact that the democratic Left acquired such modest representation in Parliament renders the representation of workers, and those who make a living out of wages and salaries, more difficult. The Hungarian National Assembly has shifted to the right, and its composition does not reflect Hungarian reality. It

reflects the political public mood instead. But in examining the weight of the Left one must not forget that about 10 percent of the votes cast for the Left were simply lost. The MSZMP, the Social Democratic Party, and the Agrarian Alliance did not receive mandates in Parliament, and with that the new opposition's sphere of movement has been substantially reduced. This fact also reaffirms the view that the country needs a popularly elected president of the Republic, if for no other reason because the person who holds this position of power should be elected on the basis of democratic processes.

#### That's Not How It Was

[Berko] Now that you have occupied your new office, have the tasks been distributed?

[Szuros] We have discussed this with Gyorgy Szabad, the acting president of the National Assembly, already. He indicated that he is counting on my taking over a larger part of the tasks relative to international relations, and in particular regarding the maintenance of relations with the Interparliamentary Union. I am pleased to do so, because that is my trade.

[Berko] To what extent does the function of the vice presidents of Parliament change as compared to the earlier situation?

[Szuros] Thus far the function has not been sufficiently appreciated; frequently retired persons have performed this function. In a new Parliament that is in continuous session, however, this function also necessitates the performance of continuous tasks, and correspondingly, I believe, the prestige and appreciation of this function must also change. Although the vice presidents of Parliament hold prominent places in the leadership ranking of the protocol, compared to that ranking their situation is rather unsettled. Thus far they have had to perform their work without the support of separate advisers, without the support of expert staff. Although the Office of the National Assembly and the executive secretary's staff provide help, this support is insufficient. A lack of other conditions and services also exists.

[Berko] How do you feel about your new assignment, insofar as your personal career is concerned?

[Szuros] Personnel changes are necessary companions of a change in the political system and structure, and as far as I am concerned I regard it as a great honor to be able to be an active part of these historic times. If you have this in mind: No, I have no bitter feeling of any kind. I recognize that I have received a new assignment, my task has changed, and at this time I must serve my people and my constituents in this new function. I am disturbed, however, by the fact that in the midst of a systems change they did not value, they do not appropriately value, the activities of those politicians who have played a decisive role in catalyzing reform processes in Hungary. I could mention names: Among others we're talking about Imre Pozsgay, Gyula Horn, and similar persons. They became part of the new Parliament—thus playing a

role in public life—but the assignments are not commensurate to their abilities and merits. I feel that democracy itself suffers if the country does not hold out a need for the services of such politicians. It is odd that the historical merits of these people are better recognized abroad, and it seems that beyond our borders there is greater regret about the fact that these people do not perform public functions in a new Hungary, functions that would be appropriate for them. For the sake of historical authenticity it will not hurt to repeat once again: It just did not happen that one or two opposition members put their heads together, and since then things have begun turning around. This transformation had some struggles as antecedents, because the reform forces assembled within the Hungarian Socialist Party [MSZP] paved the way for democratization, broadened the opposition's sphere of action, and endeavored to cooperate with them in the framework of opportunities that were given. I also regard the fact that many good professional are leaving, or will be forced to leave, the workplaces they have held thus far as a matter of concern. It is a peculiar Hungarian feature that changes here drift the country, public life, from one extreme to the other. But we must not be impatient. Our present task is to have the very serious democratic left-wing forces which exist in this country, even if they are not revealed in the composition of Parliament, reflected in the political mechanism. In those days we stated in the constitution that the values of a civil democracy must be forged together with the values of democratic socialism in the country. It seems, however, as if the latter has begun to vanish recently.

#### In a Nonpartisan Way

[Berko] What do you have in mind?

[Szuros] For example, the reduced role of Imre Nagy. The new National Assembly created a law at its organizational session enshrining the memory of the 1956 revolution and fight for freedom. The first version of the legislative proposal contained Imre Nagy's name. He did not stand up against socialism. On the contrary, he stood up for a more democratic socialism. But the final version of the law did not contain Imre Nagy's name, supposedly because he was an advocate of democratic socialism, and of course, he sacrificed his life for a free Hungary.

[Berko] Accordingly, you are worried about Hungarian democracy. Could you state what the threat is?

[Szuros] Fundamentally the country is moving in the right direction. The parties represented in Parliament are democratic groupings, but our ranks must not include extremist elements which endeavor to concentrate power, and to establish a governmental hegemony which enlists Parliament in its own service. The methods have political significance. What Zoltan Kiraly had to say in one of his statements about the agreement between the MDF and the SZDSZ is no coincidence, namely that he did not accept such methods even in the days of the party state. Kiraly became a representative as an MDF candidate, as you know.

[Berko] You got into the National Assembly wearing the MSZP colors. Are you also a socialist in the midst of your functions as vice president?

[Szuros] The function must be dealt with separate from party affiliation. Quite naturally, when a person chairs a session of Parliament or conducts debate, observing the principle of nonpartisanship is a fundamental requirement.

### **MDF-SZDSZ Pact, Need for Constitutional Change Described**

#### **Legal Changes Explained**

25000733C Budapest HETI VILAGGAZDASAG  
in Hungarian 12 May 90 pp 4-5

[Article by Gabor Halmay: "Constitutional Changes: Spring Law Cleaning"]

[Text] It is becoming increasingly apparent that the agreement reached by the two largest parties amounts to substantially more than a simple pact. In a matter of days the Hungarian Democratic Forum [MDF], the organization preparing to govern, changed emphasis—its leaders talked more during the past week about, e.g., the expectations of the international financial world than they did before in the course of an entire year. And the Alliance of Free Democrats [SZDSZ], the main force in the opposition, is providing renewed signs of a constructive approach. The latest sign of this kind was that its position rejecting the World's Fair has mellowed somewhat. MDF-SZDSZ plans aiming for a change in two fundamental legal institutions also point toward a search for consensus, a better possibility to govern the country, according to the author of this article, an expert on constitutional law.

Hungary has had no constitution during the past four decades. Certainly not in the 1789 sense of the French Declaration of Rights of men and citizens which holds that "a society has no constitution unless rights are institutionally guaranteed and unless the branches of power are separate." In this sense Hungary ceased to be a country which had a constitution when the 1949 constitution of the People's Republic, patterned after the 1936 basic law of Stalin, was adopted. This constitution declared part of the citizen's (not human!) rights as grace bestowed by the party state at best, without providing related legal guarantees. And the structure of state organization had its starting point in state power, and in the inseparable intertwining of the unity of state power with party power, rather than in the separation of powers.

This "lack of a constitution" existed until 23 October 1989, when comprehensive constitutional changes went into effect, and established a republic in place of the People's Republic. Pursuant to the new preamble of the significantly changed constitution framed in the course of trilateral negotiations, the revision was necessitated "in the interest of advancing a multiparty system, a

parliamentary democracy, and a transition to a constitutional state which realizes a social market economy."

The pace of transition is best proven by the fact that time has already transcended the barely six-month-old changes. For this reason, the MDF-SZDSZ pact reached last week (HVG 5 May 1990) projects additional detailed constitutional changes within 30 days from the organizing session of the newly elected Parliament. In addition, maintenance work on the basic law will be performed by representatives in several installments. This week they will decide on changes needed for the earliest possible establishment of the new government.

Two institutional corrections introduced last fall stand out among the constitutional revisions scheduled for the upcoming weeks. One pertains to the election and powers of the president of the Republic. The other pertains to the review of constitutional rules pertaining to the so-called laws with the force of the constitution.

In the course of political conciliatory negotiations held last summer, the ruling party—whose candidate at that time looked forward to the elections with the best chances—perceived the president of the Republic as being as "strong" as possible. He wanted to have the president elected prior to the parliamentary elections by way of popular vote. (From the standpoint of constitutional law there are good arguments supporting the idea that the people should render a decision concerning the person of the president of the Republic, who holds significant executive power, particularly if the alternative to a popular election of the president would be his election by an illegitimate parliament.) On the other hand, the opposition parties had an implicit interest in weakening presidential authority.

In the end, as adopted, the constitution established the institution of the president of the Republic vested exclusively with the authority of the nature of protocol, with an appropriately corresponding election [of the head of state] by Parliament. The popular referendum [of November 1989] did not change this situation. Nevertheless, as a farewell note, the outgoing Parliament with its Hungarian Socialist Party [MSZP] majority prescribed presidential elections based on popular vote. (The odd aspect of this change was that by that time Representative Zoltan Kiraly, who initiated the amendment, enjoyed the MDF's support in the election struggle, the organization that was embarrassed by the change.)

By now, aside from partisan MSZP interests and the individual ambition of some self-announced candidates, there is no political argument that is supportive of the popular election of the president. This solution would not be warranted from the standpoint of constitutional law either. The breadth of presidential power and the source which renders that power legitimate must be closely related. In the course of framing the constitution the idea of a presidential system has been clearly rejected. In a presidential system, like in the United



States and in France, the president of the Republic is the head of executive power, and therefore his election must be sanctioned by the people, not by the legislature. In parliamentary systems that serve as a pattern for Hungary, the role of the head of state is not to govern, but to balance the exercise of power between Parliament and the government which implements the executive power. The original wording of the constitutional amendment did not vest the Hungarian president even with the minimum authority needed to accomplish this, e.g. the restricted, but real authority to dissolve Parliament, which could be exercised. This situation will be remedied by the constitutional amendments to be introduced in the near future. (Later on, also based on the practice of parliamentary republics, it would be appropriate to establish the president's mandate for a period longer than the four-year parliamentary cycle.)

The other important constitutional institution dealt with by the MDF-SZDSZ agreement is the so-called law with the force of the constitution. This concept was included among Hungarian legal sources in the course of the October changes, in between the basic law and "simple" laws.

According to the constitution still in force, rules pertaining to the fundamental institutions of the state organizational system and to fundamental rights and duties may be established exclusively by laws with the force of the constitution. Such laws may be passed by the National Assembly only on the basis of a qualified, two-thirds majority vote. The Constitutional Court declared the infamous "tax on [mortgage] interest" null and void on the grounds that it was not adopted in the form of a law with the force of the constitution, whereas the provisions of the law prescribe rules pertaining to the fundamental duties of citizens. Accordingly, in the context of the obviously mistaken text of the constitution, even a single standard having the character of the basic law can change, or "taint," the law and render it as one with the force of the constitution. But a majority of the laws necessarily affect at least one fundamental right or duty. (Thus, for example, the proprietary rules contained in the Civil Code of Laws are most certainly of constitutional significance; but if, for this reason, the entire Code acquires a constitutional significance, even amending the provision that pertains to finders' fees—also part of the Civil Code of Laws—would require approval by a two-thirds majority of representatives.)

For this reason, to enable the legislature to function, it is appropriate that the laws and decrees whose passage requires a two-thirds majority be itemized in the future constitution. At the same time, this solution would not necessarily suggest that the category of laws with the force of the constitution be discontinued, as is contained in the agreement. The concept of laws having the force of the constitution is not without precedent in Hungarian public law, even if such precedent does not provide for the supplementing of the constitution by such laws, but functions rather in a substituting mode. The institution

of pivotal laws applied beginning with the development of the Orders [nobility] may be regarded as one such distant precedent.

Parliament may begin the drafting of what will become at this time an entirely new constitution of a democratic Hungary, following adoption of the constitutional changes that were enumerated in the agreement. Western civilizations that are in no need to make corrections to their basic laws for centuries, or at least for generations, are to be envied, because their functional state and political establishments are based on a broadly based societal consensus. In light of such constitutions, ours creates a feeling of uncertainty in many, because of the continuous amending and patchwork process, whereas what is at issue here is the reflecting of the oft-mentioned peaceful transition in the constitutional framework. Because that certain constitutional Hungarian revolution consists of the fact that the rights and institutions fought for and won produce a constitution step-by-step, by way of the legislature.

#### Laws Governing Formation of Government

25000733C Budapest HETI VILAGGAZDASAG  
in Hungarian 12 May 90 p 5

[Unattributed article: "Laws To Form the Government By"]

[Text] From among the constitutional changes foreshadowed by the MDF-SZDSZ agreement, this week the House dealt with the ones which would enable the formation of a government.

The essential change in the composition of the Council of Ministers is that the post of state minister ceases to exist; at the same time, however, it becomes possible to appoint ministers without a portfolio. The legislative intent justifies this need by saying that a difference between the status of various ministers should be discontinued. Last October's constitutional text prescribed that a state minister designated by the chairman of the Council of Ministers may act in place of the chairman. (This rule was justified by the fact that the constitution provides that on the day the government elected by the new National Assembly takes office, the office of the deputy chairman of the Council of Ministers ceases to exist.) In the future, any minister designated by the chairman of the Council of Ministers—a post henceforth to be called prime minister, according to the basic law—may act on his behalf.

As a result of the change, the National Assembly elects only the prime minister, and the members of the government selected by the prime minister are appointed by the president of the Republic. This solution is not at all unfamiliar to the constitutions of Western constitutional states. It spares the head of government from having to justify the appropriateness of his cabinet to each and every representative of his own party, and of the coalition parties. (Since earlier rules required a simple



majority vote for the election of a government, there would have been no need to convince the opposition.)

In the future no qualified majority will be needed to change the list of ministries. The new list is as follows: Foreign Ministry, Ministry of the Interior, Defense Ministry, Ministry of Finance, Ministry of Justice, Ministry of Culture and Education, Ministry of International Economics and Cooperation, Ministry of Industry and Commerce, Ministry of Agriculture, Ministry of Transportation and Communications, Ministry of Public Welfare, Ministry of Labor Affairs, and Ministry of Environmental Protection. The functions of the National Planning Office—missing from the list—will be performed by the Ministry of Finance, just as the functions of the discontinued National Pricing Office will be under the jurisdiction of that ministry.

The week's parliamentary agenda also included the repeal of provisions pertaining to societal debate, which was part of Law No. 11 of 1987 concerning legislation. According to the legislative intent the repeal of these provisions represents the end of a typical institution of a pseudo-democracy which was supposed to veil the absence of parliamentarism, one that is not only contrary to the now evolving parliamentarism, but also impedes legislation.

#### **MDF-FKgP Agreement on Land Ownership Described**

25000733E Budapest *MAGYARORSZAG* in Hungarian  
18 May 90 p 20

[Interview with Gyula Kiss, FKgP [Independent Smallholders, Agricultural Workers, and Citizens Party] executive secretary, by B. Csaba Almasi; place and date not given: "FKgP: New Faces, New Style; Enterprising in Agriculture!"—first paragraph is *MAGYARORSZAG* introduction]

[Excerpts] There was a lot at stake at the recent Smallholders board meeting. Constant infighting, small skirmishes among parties, have recently reached a level which has raised doubts about the very existence of the FKgP [Independent Smallholders, Agricultural Workers, and Citizens Party]. In the end, the conference ended without any major scandals, a new, younger leadership was elected, and it appears that the party's position has become more solid. We discussed the present situation of the FKgP with the newly elected executive secretary, and as a member of the coalition, its role in government. He is 36-year-old Gyula Kiss, a Miskolc lawyer. [passage omitted]

#### **"The Smallholders' Heart"**

[Almasi] Weeks have passed since the elections, therefore you have had enough time to make a staid assessment as to why you suffered such a shameful defeat, at least as compared to your earlier expectations.

[Kiss] We did not suffer a shameful defeat. We became the third strongest party in Parliament, and the second strongest party in the government. In and of itself this does not amount to bad performance. Certain members of the earlier leadership are to be blamed for nurturing entirely unfounded, unrealistic hopes (they talked about 30 percent [of the votes], a secure first place) and for voicing such hopes. The more sober members of the leadership counted only on receiving one-fifth of the votes, but one cannot deny that the 11.83 percent acquired vote ratio is much weaker than what we hoped for. This result is composed of several factors. We overestimated [the power of] our traditions, our good name, and we did not notice that our historical character cannot be adapted to the Hungary of the 1990's. We were one of the poorest parties, and we did not use much of the money that could have been used for the campaign to prepare for the elections. And one cannot dispute the fact that our prestige suffered from the earlier break in the party, and from the personal disputes and unprincipled quarrels which have taken place virtually since our reorganization, and of which the press always provided abundant coverage. Perhaps the newly elected leaders of the FKgP—they are close to each other both from a human standpoint and as far as their views are concerned—will result in a different political style and in more cultured standards of conduct, which may render us more likable to the public.

[Almasi] We find in the leadership many relatively young lesser known faces from the countryside. This may indeed mean that the party has "purged itself" on the one hand, but it may also indicate that they are short on experience, which is so important in the course of political struggles.

[Kiss] Unfamiliarity does not necessarily mean lack of fitness. At the same time, we are less well known only from the standpoint of the press; our party membership is aware of our abilities and fitness, and they also know that we have a "Smallholders' heart." Otherwise we would not have been elected by almost 600 members of the greater board.

[Almasi] The party leadership: the chairman, the managing director, several vice chairman, the executive secretaries, his deputies, the party chief counsel ... did you create this many offices so that more of you could be close to where the meat is? And as a result of this, hasn't the party's hierarchical structure become non-transparent?

[Kiss] Only the party chairman holds real power; in his absence the managing director and the executive secretary may act for him and on his behalf. The rest perform specialized functions; nevertheless, your critique is valid in a certain sense. Indeed, there are many functions, and that renders the management of the party very complicated. Nevertheless, the reasons for this must be sought in the FKgP traditions, in its historical past. It is our goal to modernize the party in the future and to establish an

organizational and operating system that is far more modern than the one we have today.

### **The Hungarian Democratic Forum Accepted It**

[Almasi] Most certainly you will be definitive members of the government. Moreover, agreements have been reached concerning the velvet chairs and state secretarial assignments given to your party. Were negotiations with the MDF [Hungarian Democratic Forum] difficult in this regard?

[Kiss] Discussions took place in two phases. First we clarified whether there is a basis in principle for our participation in the workings of the government. In the second phase we considered the substantive issues. At that time we reached specific agreements as to which ministries and other positions we would request for ourselves. Our needs and the offers we received were rather close to each other. Thus it was possible to reach an agreement rather expeditiously.

[Almasi] Before the elections, but even after the elections, the FKgP firmly stated that it was willing to participate only in a government in which the partners accept the FKgP's land program; and further, the FKgP demanded for itself control over the Ministry of Agriculture. But your land program was criticized and rejected by virtually everyone. How were you able to find a common denominator in this regard?

[Kiss] The MDF accepted our land program. We established the fact that private ownership must dominate in proprietary relations, and this should not apply only to land, but to all proprietary forms. And by all means, the problem must be clarified by starting out from the 1947 conditions. Accordingly, this does not mean what many erroneously believe it means, that the conditions of 43 years ago must be restored. It means instead that we regard the conditions of those days as our starting point. (And this makes a huge difference between the two positions.) We do not want to see a distribution of land—we never said so—instead we want to restore ownership rights, proprietary conditions recorded in land records. Thereafter the owner may decide what to do with his ownership right.

The MDF was in agreement with all of these opinions of ours, but it intended to establish barriers to the restoration of ownership at two points. One of these barriers would have prevented persons who in the meantime became urban residents to reacquire their property, even if in 1947 they or their legal predecessors had owned such property. The other suggested barrier was that persons who are not professionally engaged in the pursuit of agriculture would not be entitled to ownership rights. These proposals were unacceptable to the FKgP because they amounted to adverse discrimination, and were founded on the consideration of circumstances which the persons involved could do nothing about, e.g. because they were driven away from their land. In the end we succeeded in reaching a compromise. We agreed that we would regard ownership rights as absolutes in

terms of an organizing principle. On this basis, ownership rights would be returned to everyone who asks for them, and we will include in the future law some legal and technical limitations by which certain partial entitlements within ownership rights may be regulated.

[Almasi] Accordingly, the charge that the Smallholders want to disintegrate well functioning producer cooperatives, and that they would perhaps destroy agricultural production, one of the most productive domestic economic branches, is false.

[Kiss] Only those who are not at all, or are only superficially, familiar with our perceptions say that. Simply put: We also want to introduce entrepreneurial forms in the agricultural field, the way it has happened in industry, in the service sector, and in other places. We are establishing conditions for land owners in which they can operate the land as capital, in a manner consistent with their interests, according to the rules of the marketplace. Thus it is also conceivable that owners may decide to leave their land with a producer cooperative if a producer cooperative is an efficient, profit making firm. But they also may decide that five or six of the owners should get together and pursue their activities in the framework of private enterprise, in any kind of corporate form. Moreover, if someone considers operating as an independent small farmer the most appropriate thing to do, he may cultivate his land all by himself. Accordingly, our plans only call for changing the content of producer cooperatives which [presently] function much more like a political institutional system than productive units. We want to accomplish this change by having them operate on the basis of the real interests of real owners, and not as an excessively administrative, bureaucratic system, which is the chief source of losses.

[Almasi] Judging by the FKgP's public appearances thus far, and by the mutual relationship among the earlier office holders of the FKgP, I suspect that there must have been, and there continue to be, huge power struggles for ministerial positions and for other high offices. Or am I mistaken?

[Kiss] You are mistaken. Prime Minister designate Jozsef Antall established extremely stringent personal, professional, and other conditions in regard to the persons he intends to work with. Accordingly, all of our self-designated candidates were left out. Thus, the party leadership did not have a difficult task in favoring the most talented, best prepared politicians.

### **A Collective Party**

[Almasi] What does the FKgP regard as its most important task after the government is established?

[Kiss] To enact laws whose aim it is to avert economic crisis. In addition, of primary importance is the creation of rehabilitative laws to remedy the injuries suffered by the peasantry, and the creation of the land law. The systems change must run its full course at every level of society. To accomplish this we must hold local elections

as soon as possible. The population in the countryside will get a feel for the changes in Hungary only after those elections.

[Almasi] How do you perceive your party's future, what do you have to change and what are those fundamental values to which you adhere?

[Kiss] Our proximate goal is to hold as important as possible offices in local governmental bodies. To accomplish this we must conduct a far more forceful, better organized election campaign than we are at present. And as I mentioned already, we must modernize our party in a manner appropriate to the late 20th Century, in the framework of which we are developing a modern organizational and operational plan based on present day situations. Along with this we must make clear that the FKgP serves the interests primarily of the peasantry, that it represents the countryside, and we would also like to obtain the support of part of the [urban] citizenry. (After all, the full name of the party includes the word "citizen.") In the final analysis we do not surrender the ideals which determine the existence of the Smallholders Party: We are laboring to realize a collective party which stands on Christian foundations and has a national character.

#### **Old Parliament Grants General Amnesty**

90CH0157B Budapest *MAGYAR KOZLONY*  
in Hungarian 4 Nov 89 pp 1343-1345

[Article: "Law No. 37/1989 on the Granting of General Amnesty\*"]

[Text] On the occasion of the declaration of the Hungarian Republic, the National Assembly hereby announces the granting of general amnesty according to the conditions outlined below:

#### **Executive Amnesty**

1.1. The following categories of persons, sentenced to not more than three years of imprisonment, aggravated reformatory and educative labor, or reformatory and educative labor, are hereby released from serving the remainder of their term:

- a) persons convicted of crimes of negligence,
- b) pregnant women,
- c) mothers with children aged under 14,
- d) women aged 55 and men aged 60, and
- e) persons suffering from life-threatening or incurable illnesses.

1.2. Prisoners belonging to one of the categories in Paragraph 1, sentenced to terms longer than three years, will only be required to serve half the length of their original sentences.

2. Also to be released from completing their term are prisoners listed under Section 1, Paragraph 1, whose

original sentences to reformatory and educative work, or aggravated reformatory and educative work, have been commuted by the courts to time in prison.

3. All individuals convicted of crimes against the state—other than spying—(see Chapter 9 of Law No. 5/1961 and Chapter 10 of Law No. 4/1978), or offenses against the collective, are hereby exonerated of all prejudices connected with having a criminal record.

4. Persons sentenced to prison terms on the grounds of unauthorized border crossing (Section 203, Law No. 5/1961 and Section 205, Law No. 4/1978), refusal to return home (Section 205, Law No. 5/1961), and evading the regulations governing foreign travel and residence are hereby exonerated of all prejudices connected with serving time in prison and having a criminal record.

#### **Procedural Amnesty**

5.1. Not subject to indictment or prosecution are persons charged with felonious acts or crimes of negligence committed prior to 23 October 1989, and individuals specified in Articles b-e, Paragraph 1, Section 1, provided that the sentence to be imposed by the court is not expected to exceed three years in prison.

5.2. Criminal proceedings abated under Paragraph 1 must resume if so requested by the defendant within eight days of the announcement of the decree abolishing such proceedings.

#### **Exoneration of Prejudices Connected With a Criminal Record**

6.1. Individuals convicted of malicious acts and sentenced to enforceable prison terms of not more than one year, provided that they will have completed their sentences prior to the implementation of this law, or that their sentences will have become unenforceable prior to that date, are exonerated of all prejudices connected with a criminal record.

6.2. In the case of supplementary sentences, the defendant will not be exonerated of the prejudices connected with a criminal record until such time as his supplementary term has been served, or declared unenforceable.

#### **Exclusionary Circumstances**

7. The amnesty as defined in Sections 1-6, does not extend to:

a) recidivists (Articles 12, 13, and 14, Section 137, Criminal Code);

b) persons convicted of, or indicted or prosecuted for

1. manslaughter (Paragraphs 1-3, Section 166, Criminal Code);

2. murder in the second degree (Section 167, Criminal Code);

3. premeditated assault (Paragraphs 2-5, Section 170, Criminal Code);

4. willful endangerment on the job (Paragraph 3, Section 171, Criminal Code);

5. use of force (Section 174, Criminal Code);

6. offenses or crimes against personal freedoms (Section 175, Criminal Code);

7. traffic safety violations (Paragraphs 1-2, Section 184, Criminal Code);

8. driving under the influence (Paragraphs 2-3, Section 188, Criminal Code);

9. endangering a minor (Section 195, Criminal Code);

10. rape (Section 197, Criminal Code);

11. indecent assault (Section 198, Criminal Code);

12. violent acts of perversion against nature (Section 200, Criminal Code);

13. assault committed while conducting an official investigation (Section 226, Criminal Code);

14. forcible interrogation (Section 227, Criminal Code);

15. the crime or offense of assaulting an official (Section 229, Criminal Code);

16. the crime or offense of assaulting a person attending to community business (Section 229, Criminal Code);

17. the crime or offense of assaulting someone aiding an official (Section 231, Criminal Code);

18. public endangerment (Paragraphs 1-3 and 5, Section 259, Criminal Code);

19. interfering with the operation of a public utility (Paragraphs 1-2, Section 260, Criminal Code);

20. terrorist acts (Paragraphs 1-3, Section 261, Criminal Code);

21. hijacking an aircraft (Section 262, Criminal Code);

22. disorderly conduct (Paragraph 2, Section 271, Criminal Code);

23. theft (Article f, Paragraph 2, Section 316, Criminal Code);

24. robbery (Section 321, Criminal Code);

25. burglary (Section 322, Criminal Code); or

26. extortion (Section 323, Criminal Code); or

c) persons sentenced to non-concurrent terms by the courts, if the grounds for one of those non-concurrent sentences was a crime listed under Article b.

8. This exoneration does not extend to prisoners listed under Paragraph 1, Section 6, who have been sentenced to non-concurrent terms by a court, the extent of which exceeds the length of time specified therein.

9. The amnesty cannot be evoked in the case of individuals who within three years of the enactment of this law are sentenced to prison or aggravated reformatory and educative labor for having committed a malicious act.

10. Also to be acquitted of their remaining terms are persons sentenced to prison on minor offense charges.

11. Upon request by the prisoner, the judge imposing the sentence will review the applicability of the executive amnesty defined in Articles 1-4.

#### Closing Provisions

This law will enter into force on the day of its promulgation, and will be enforced by the minister of justice, the minister of the interior, and the chief public prosecutor.

Signed

Dr. Matyas Szuros, provisional president of the Republic

Dr. Istvan Fodor, acting president of the National Assembly

\* This law was adopted at the 30 October 1989 session of the National Assembly.

#### POLAND

#### Transit of Soviet Jews: Need To Assist Outweighs Terrorism Fears

90WR0155A Warsaw *PRAWO I ZYCIE* in Polish  
No 19, 12 May 90 p 13

[Article by Pawel Snarski: "Transit Under Special Surveillance: Soon Thousands of Jews Will Pass Through Warsaw's Okęcie Airport en Route to Israel"]

[Text] That was a memorable sight to many persons who had in 1970's traveled to Vienna on the Chopin Express. Policemen armed with machine pistols standing on the train platform provided protection for successive groups of Jewish emigres from the USSR who at the time were traveling via Vienna to Israel. The terrorist Palestinian organizations repeatedly threatened assassinating these emigres. The presence of armed policemen was to be a guarantee for the peaceful transportation of the Jewish newcomers to transit camps at which they were awaited by Jewish Agency employees, the direct organizers of the next, airborne leg of the wandering to "the Promised Land."

Nowadays the functions of such a transit point have been exercised for the last few months by Budapest, and, if the announcements of the Polish government hold true, Warsaw, too, will be a transit point as of 1 June. This will face us also with a doubly complex task, the task of, on the one hand, coping with a large part of the surge of emigrants which this year is going to amount to as many as 230,000 people and, on the other, assuring the security the newcomers and us ourselves in a situation in which, as observed in, e.g., the PLO-linked Algerian REVOLUTION AFRICAINE, the Palestinians look on with growing terror and fury at "these hordes of Soviet Jews which, day after day, land at the airport in Tel Aviv while Shamir is doing everything to encourage them to settle on the occupied Palestinian lands in order to translate into reality his dream of a greater Israel."

Fifteen or 20 years ago one could be quite certain in such a situation of the onset of terrorist attacks against aircraft filled with emigres. After all, it was no accident that international terrorism on a large scale began after 1967 when the Arabs had lost the so-called June War, and was linked to the Palestinians' lack of hopes for a peaceful establishment of their own state.

In 1970, within 3 days, more than 400 passengers of four giant aircraft—Americans, Israelis, Swiss, British, and French—became hostages of the Popular Front for the Liberation of Palestine. In 1972 there was the massacre of Israeli athletes during the Munich Olympics and there were attacks on Israeli embassies in Madrid and London and Jewish Agency facilities throughout Europe.

Will this happen again now? The fears are best demonstrated by the fact that several weeks ago the management of the Hungarian airline Malev suspended charter flights and the transportation of Soviet Jews to Israel on its regular aircraft. The reason was the threats from Arab terrorist organizations which predicted attacks against Hungarian missions and aircraft. But since this decision had not been coordinated with the government in Budapest, and at the same time it adversely affected the recently restored Israeli-Hungarian diplomatic relations, the authorities compelled Malev to rescind it. Soviet Jews are again flying to Tel Aviv via Budapest, but chiefly in... El Al aircraft.

This is no accident, of course. For Tel Aviv engages in a ruthless struggle against terrorists. Agents of the Mossad, the Israeli intelligence service, have executed during the last 20 years dozens of authentic and alleged Arab terrorists. The Israeli government adamantly adheres to the principle of not negotiating with terrorists, and every attack against any Israeli facility whatsoever is reciprocated by an even more damaging armed retaliation by the Israelis. Israeli diplomatic missions abroad resemble fortresses and the safeguards applied by El Al Airlines are not just limited to aircraft with reinforced bullet-proof coatings or the regular presence of agents of anti-terrorist units inside the aircraft.

The prevention of assaults is principally ground-based. This can be also observed in Warsaw during the takeoffs of El Al aircraft. The passport and customs control points and the rooms in which passengers await (busing to) boarding the aircraft are isolated and under special surveillance by both local and Israeli security agents. All baggage is x-rayed and any suspect item is additionally subjected to an unusually thorough search. The identification system makes sure that both the baggage and its owner fly on the same aircraft.

Do all these measures assure 100-percent security? It is a fact that for many years there has been no successful attack against an Israeli aircraft.

Poland has joined the countries desirous of facilitating the emigration of Soviet Jews. This creates a grave danger for Polish aircraft, Polish diplomatic missions worldwide, and ordinary Polish citizens. The attack on the Serkis couple in Beirut is an eloquent example of this danger. The possibility has to be reckoned with that terrorists will try to plant bombs in Okecie Airport or, e.g., in the heart of Warsaw, and that there will be false alarms as well as attempts to blackmail the Polish government by the richer as well as more radical Arab countries which may, e.g., threaten the suspension of trade which in some cases is lucrative to Poland.

But, in a situation in which direct airline connections between Moscow and Tel Aviv still may be absent for some time (owing to lack of diplomatic relations and the standing of the USSR in Arab countries), could we refuse our good services on the issue of Jewish emigration? It is true that in the circles of big capital—consider also the Polish debt of US\$40 billion!—the Jewish lobby has a great say and LOT Polish Airlines will derive substantial earnings from flying Jews from Warsaw to Tel Aviv. Nevertheless, the financial aspect alone does not exhaust the problem. Being in need ourselves, we have been for many years and still are availing ourselves of diverse forms of foreign assistance. Those people who would like to slam the door to Arab and African refugees sent from Sweden [as published] and to Jews transferring from one aircraft to another at Warsaw's Okecie Airport because it would be costly and harbor the peril of terrorist attacks forget that the present-day world is a system of linked vessels. Poland's authority and ordinary decency make it imperative for us, in measure with our modest possibilities, to help those who need help even more urgently than we do.

Soviet Jews are fleeing not only the kilometer-long queues in front of stores with empty shelves but also out of the fear of a surge of Russian chauvinism. It should be borne in mind that after the embarrassing anti-Semitic spectacle of 1968, which reinforced the world's belief in the supposedly widespread anti-Semitism in Poland (consider also Lanzman's famous film, "Shoah"), and following the recent dispute about the Carmelite Convent in Auschwitz, everything we are doing is being very attentively observed.

## GERMAN DEMOCRATIC REPUBLIC

### New Reforms Aimed at Heightened Military Morale

90EP0581A Bonn INFORMATIONEN FUER DIE TRUPPE in German Apr 90 pp 20-26

[Article by Joachim G. Goerlich: "New Freedoms; Poland: Reforms in State and Army"—first paragraph is INFORMATIONEN FUER DIE TRUPPE introduction]

[Text] After the state, the economy, and the party, political reforms in Poland have now also reached the country's Armed Forces. After the parliamentary elections in June 1989 resulted in an overwhelming victory for the opposition, on 24 August 1989 Tadeusz Mazowiecki, editor in chief of the opposition newspaper TYGODNIK SOLIDARNOSC, was elected the first non-communist head of government in Poland for more than 40 years by a large majority. His government among other things abolished the "compulsory party membership" for career military in the communist United Polish Workers' Party; soldiers can now belong to all the parties permitted in Poland. Joachim Georg Goerlich, M.A., a free lance journalist, outlines the reform process in the Polish People's Army for us, a concept which is increasingly disappearing. As an Upper Silesian the author lived in Poland until 1959 and was himself a Polish reserve officer "without rank," because he was German.

In the Polish Army reforms are currently being enacted at top speed. The general draft period has been reduced to 18 months for the Army and the Air Force, while previously it normally lasted two years in the land forces and three years in the Air Force. The three-year-long conscription for the Navy was retained, however. And: It is no longer possible to be drafted for barracks-quartered police units.

#### "Military Fitness Training" Reduced

The obligatory subject of "military fitness training" has disappeared from all post-high school educational institutions, for example in teacher education and in medical training. The curriculum for the subject is now the same for young men and women. As was announced by the Department for Military Fitness Training of the Polish Education Ministry, this subject will be cut back in regular-education public schools (intermediate level) and depoliticized and de-ideologized both there and at the continuing upper and specialized schools.

According to information from the Ministry of Defense, this also applies to the extensive "military studies" at academic institutions, which may no longer be as dogmatic and is to become more humane. Female students, above all, have recently been demonstrating for these "studies" to be dropped. They—with the exception of female medical students—had been exempt from this

study until the late 1960's. As reported from the Polish Parliament, this situation will be reinstated.

#### Alternative Service

Also introduced was "alternative service." In this respect Poland is a forerunner in the Warsaw Pact. It will be for three years, two for high school graduates. Alternative service personnel will primarily be used in environmental protection, in the area of water supply and regulation (watering and drainage projects), in the municipalities (primarily construction) and in the social sector (including health and old age care)—as reported by the Army mouthpiece, the ZOLNIERZ WOLNOSCI (Soldier of Freedom) daily newspaper.

#### "More Atmosphere in the Barracks"

In another Army organ, the monthly ZOLNIERZ POLSKI (Polish Soldier), the spokesman for the Federal Ministry for National Defense, First Lieutenant Ireneusz Czyzewski, offered the slogan: "More homey atmosphere in the barracks!" This is mainly meant for the recruits who are now—which was previously forbidden—allowed to hang the picture of their girl friends in their lockers. Photos of other women—such as actresses—are also allowed now. The recruit is to feel happier in the barracks than before, it is said.

#### "Compulsory Party Membership" for Career Servicemen Abolished

The "main political administration" furthermore announced that career servicemen no longer have to belong to only one party, that is to say the communist Polish United Workers' Party. Until now for example almost 90 percent of the officers, and all the political officers, belonged to the Polish United Workers' Party; the rest were apolitical and only one officer was a member of the Democratic Party. As the "main administration" candidly admitted, he was not in an easy position, not even at the time when his party was among the so-called satellite parties that were in a government coalition with the communists. Now, officers may belong to any of the parties permitted in Poland. This opens up the question of the future role of the political officers and the "main political administration."

Despite intensive efforts, there is no career servicemen's union, such as already exists in the Soviet Union, in Poland. There is a non-approved officers' professional journal REDUTA, the editors of which were recently demoted and expelled from the Army.

Meanwhile, the previously mentioned "main political administration" of the Polish Army announced that the troops should be largely deideologized and depoliticized. Above all, the previously existing "view of the enemy" is to be systematically removed, even as regards the Bundeswehr.



### Complete Freedom of Religion and More Room for Spiritual Welfare in the Military

A very important event for the Polish troops is the passing of Church Law No. 154 of 23 May 1989, which is now printed in the Polish Gazette and has thus entered into force. Of particular importance is Chapter 3 with the title "Spiritual Welfare in the Military and Military Service by Clergymen." With this law complete freedom of religion has been declared—without prejudice. It is above all a matter of participating in religious services. It must be noted in this context that even during the Stalin era part of the officers corps went to church, which of course was an obstacle to their careers. The recruits are now, if need be, even allowed to celebrate Sunday and holiday services by television or radio in the lounge.

Since 1948 Polish Army chaplains—something unique in the Warsaw Pact forces—had to restrict themselves to their garrison chapels, which are subordinate to the Ministry of Defense. Now, they are able to establish direct contact with recruits and career servicemen as well as with their families, but visits to the barracks must be agreed in advance with the responsible commander.

The momentous event of passing this legislation is the fact that Army chaplains are no longer subordinate to and paid by the "main political administration," but by the general quartermaster's office. Thus, they lose the odium of ideological dependence.

New is also that Army chaplains are subordinate to the military administration only in a military respect, but in ecclesiastical matters to the official church, as before the war and during the war for the national forces in the West. And: They form "a special personnel corps" within the career servicemen. The lowest rank of an Army chaplain is that of captain, the highest in the People's Army so far that of colonel, which could change, however, since there will be a field diocese, probably with a bishop's title.

In nominating the highest military spiritual adviser—the chief chaplain—the bishop who is now responsible, in this case the primate of Poland and bishop of Warsaw, which is also where the seat of chief chaplain of the Army is located, will have something to say. The responsible bishop also has a say in appointing the individual rectors of the garrison churches—every Army chaplain is simultaneously a rector. The official church also has a say when military clergymen are to be removed.

Further: Alumni of theological seminaries and monastery novices do not need to perform military service. All secular and regular clergy are placed in the reserves after ordination. In peacetime they are no longer called up for refresher exercises. Exceptions are Army chaplains in the reserve and in retraining, for which again the approval of the church must be obtained.

All of this leads to the fact that the previously low prestige of the Army chaplains has been raised. Until now they were held to be faithful to the regime, and the

official church cut them off. It will be interesting to see whether there will also—as before—be Army chaplains for religious minorities, such as the Protestants and Orthodox.

### Existence of Antiterrorist Squad Acknowledged, Weaponry Noted

90WR0157A Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 21, 27 May 90 pp 8-9

[Article by Jerzy Pleszyniak and Eryk Szafranski: "A Tiger's Work: They Have Real Weapons and Real Ammunition"]

[Text] Hour after hour the situation became increasingly dramatic. Surrounded, desperate, the bandits threatened to kill their female hostages. At one moment a bandit dragged a tiny blond woman to the balcony. He caught her by the waist and pushed the upper half of her body over the railing. The crowd on the sidewalk froze with horror. But after a moment he pulled her back and shouted that, unless their terms are met, he was not joking and the girl would plummet from the fifth floor. In the meantime, in the middle of the apartment, another bandit held a knife against the throat of the second hostage.

There was no time to waste. The operation leader issued an order to the special squad.

Half a minute later a small load of explosive burst in front of the door. Three commandos rushed inside. Series of shots fired against the ceiling from machine pistols paralyzed the terrorists. At the same time the glass of the balcony window shattered: Another commando rushed in by climbing a rope.

Until recently the subject of police commandos was highly classified information so far as the ministry of internal affairs was concerned. To be sure, special squads operated in all the major voivodships, but no police chief would officially confirm their existence.

Finally, last May, it became possible to learn about several score of these commandos owing to the National Antiterrorist Contest. Commandos from Warsaw, Wrocław, Krakow, Łódź, Gdansk, Poznań, Rzeszów, and Białystok came to Katowice for 4 days in May. They competed aggressively on a special obstacle course, on a firing range, in a swimming pool, and during parachute jumps.

The first Polish special squads were formed in the early 1970's. At the time they were used exclusively to protect aircraft and airports. In 1975 the decisionmakers felt that the domestic situation was good enough to warrant dispensing with the protection of aircraft decks. But then it turned out that there was no special unit for combatting expert and resolute criminals. After 12 months the so-called Security Department was established at the Warsaw Militia Headquarters.

"At first there were 47 of us. I picked these people personally," said 43 year old Colonel Edward Misztal, of whom all that is known is that he is a born and bred commando. "We lacked specialized equipment and uniforms. We carried out operations with whatever was on hand. In lieu of bulletproof vests we wore thick winter jackets. We also lacked the right helmets, which I experienced on my own skin, because during one operation I was wounded in the head. To this day the situation with equipment remains precarious. We lack fast vehicles, good means of communication, and reliable weaponry. It must be admitted, however, that we have acquired, for example, superior domestically manufactured bulletproof vests. The parachutist uniforms and "rapid-lacing" boots also are proving their worth. As far as personnel is concerned, we can confidently compete with any West German antiterrorist group, Austrian GSG 9, or British SAS. Our people do not let us down.

The personnel of the antiterrorist squads all claim that the supercommando type exists only in the imagination of filmmakers. For in reality each man has his weak point. One is a better marksman, another is a better swimmer, another still excels in hand combat, and a fourth is best at making "fireworks." Their strength consists in collective action and in individual selection of personnel for each operation. Of course, each member of a team must be cross-trained in skills, but additionally he must be a "virtuoso" in a particular field. That is why they include both 20-year-olds and men around 50. Some look like musclemen, while others look like weaklings with caved-in chests. But what matters most, regardless of age and rank, is the mental predisposition. If anyone's nerves give out, he is out of the service. And the mental pressure here is enormous.

The special squads are used in operations almost daily. Col. Misztal has more than 300 "doors" to his credit, because he has forced open 300 times the doors of dwellings behind which murders were attempted or maltreatment administered. The criminals threatened their victims and those intervening with pistols, rifles, knives, and axes.

"Not so long ago a man kept the seven year old daughter of his brother prisoner in an apartment. I faced him and he, wanting to convince us of his resolve, from time to time cut the little girl with a knife," said one commando. "But he did not know that, between my wide-spaced legs,

a skilled marksman kept him all the time in the cross-hairs. Suddenly I heard the whisper of my associate, 'I'll go to prison, I don't care, but I am going to shoot that bastard. I have a child like that of my own and I just cannot look on any longer.'"

But no shot was fired, because to them using firearms is the ultimate resort.

Throughout the world, once they shoot, antiterrorist squads shoot to kill. But before they press the trigger, they have in their arsenal 100 other ways of neutralizing the foe. This also applies to Poland. In his career, Col. Misztal has only twice given the order to fire, and "heads fell" twice.

In their combat operations the antiterrorist personnel rarely use revolvers and automatic weapons but this does not mean that they are not perfectionist marksmen. They are equipped with Polish PM63 submachine guns and 9 mm Astra, Taurus, and Smith Wesson revolvers with 2, 4, and 6 inch barrels [as published]. Those who "feel better using a pistol," use the new Polish P83.

"In training exercises we use real ammunition and explosives," one commando said. "Our principle is that a commando either handles the real things or does not fit in."

What is more, whenever the alarm rings, they do not know whether it is another exercise or a real emergency. Day and night, they carry a walkie-talkie. Most often they deal with mentally unbalanced individuals. To this day they recall an encounter with a 2 meter tall, 280-kg schizophrenic.

"That was an animal in human skin. His wrists were so thick that they could not be manacled. When we rushed into the apartment, he was holding a hatchet over his tied-up wife. On seeing us he tried to split her head, but this time, too, we were faster."

There also are female commandos. It was their unit, among others, that was entrusted with protecting John Paul II in Chocholowska Valley. These girls, wearing knapsacks and tourist bags, superbly blended with the crowd. They were armed to the teeth in order to frustrate assassination at any moment.

Anywhere in the world police work involves personal risk. But this risk varies depending on the service and function. The police commandos say of themselves that they are doing "tiger's work."

## INTRABLOC

**Joint Ventures: Bloc Efforts To Attract Foreign Investors**

90EP0592A Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 21, 27 May 90 p 5

[Article by Boguslaw Bamber and Wlodzimierz Kicinski:  
"Long Wait for Money: The Hopes for Joint Ventures in  
East Europe Are High But Still Unrealized"]

[Text] The democratic changes in the countries of East Europe have awakened hopes that with the aid of foreign investments these countries could become the new "economic tigers." However, investors remain cautious. Comparing the conditions provided for their investments in discrete countries of the region and carrying out surveys of the East European markets, they are preparing significant capital ventures. In the meantime, East Europe is still waiting for major investments.

The admission and development of direct foreign investments in the countries of East Europe is a major feature of the opening of the economies of these countries. In the initial period of existence of the socialist countries direct foreign investments were legally inadmissible, because they were viewed as a peril to the interests of these countries. It was only in the second half of the 1980's that joint ventures began to be considered as a crucial instrument for improving management efficiency and promoting the growth of foreign economic cooperation as well as of internal structural changes. Of the countries of East Europe the first to legislate the formation of joint ventures were Romania (1971), Hungary (1972), Bulgaria (1980), Poland and Czechoslovakia (1986), and the USSR (1987).

The practical economic effects of the formation of joint ventures in East Europe have, however, been much smaller than expected. At the end of 1987 Hungary led in the number of joint ventures (111), followed by the USSR (19), Bulgaria (15), Poland (13), Romania (5), and Czechoslovakia (3). The number of new joint ventures permitted to operate during the subsequent 2 years has markedly increased, and in 1989 it amounted to about 1,400 in the USSR, about 1,000 each in Hungary and Poland, 70 in Czechoslovakia, 30 in Bulgaria, and 5 in Romania. The combined foreign capital of these ventures amounted to US\$3.5 billion, or an average of US\$1 million per venture. But this average is lower if we exclude several major investments in raw materials on USSR territory. It is estimated that the average joint venture in the above countries (with the exception of the USSR) is a small or medium enterprise. For example, in Poland the foreign capital of the average joint venture in 1989 was about US\$140,000. According to statistics as of March 1990 the Agency for Foreign Investments has granted a total of 1,146 permits for the operation of partnerships with the participation of foreign capital. The average size of foreign capital in these joint ventures was about US\$163,000.

The joint ventures existing in East Europe have been formed chiefly with partners from West European countries. According to 1987 data the leader was the FRG (51 joint ventures, or one-third of the total), followed by Austria with 37, the United States and Switzerland with 17 each, Japan with 14, and Great Britain with 13. Of the non-European countries (other than the above-mentioned United States and Japan) the participants included companies from Canada, India, Libya, Panama, and Saudi Arabia. Investors from newly industrialized countries (South Korea, Taiwan, Singapore, Thailand) were rare, but that seems to be due chiefly to political reasons.

The principal cause of the slow growth of many direct foreign investments in East Europe until the end of the 1980's is thought to be, on the one hand, the alien nature of centrally controlled economies so far as Western investors are concerned, and on the other, restrictive regulations governing foreign trade and the finances of joint ventures.

Western investors feared (and to some extent still fear) that foreign direct investments in East Europe will be treated as interim solutions, like those applied under the NEP policy in the Soviet Union during 1921-35. It has been said that, once the economic advantages are attained, especially as regards reviving the economy by developing market relations, in the short and medium run, foreign enterprises will be nationalized or shut down as being inconsonant with the system of society. It was only the events of 1989 in Poland, the GDR, Czechoslovakia, and Romania, that began to prompt the belief that accepting the concept of a longterm and lasting nature of foreign investments in East Europe seems more pragmatic.

The general premise for the development of direct foreign investments deriving from capitalist countries in East Europe is the advantages expected by the partners in the undertaking, i.e., by the Western partner and the East European partner (enterprise or country). The anticipated benefits to the East European partners have for years been viewed by them on the macroeconomic scale, i.e., from the standpoint of the influence of direct Western investments on the economies and balances of payments of the countries of East Europe. By contrast, Western partners view their anticipated benefits on the microeconomic scale, that is, from the standpoint of the interests of capitalist enterprises. Partners from countries with different systems of society often have different, or even opposing, objectives, despite the official declarations about mutual economic advantages. The principal advantages expected by the East European countries and enterprises include:

1. Influx of foreign exchange capital.
2. Imports of modern technologies and knowhow without spending hard currencies on them.
3. Adaptation of up-to-date management techniques.

#### 4. Growth of output and streamlining of employment.

By contrast, foreign investors who undertake economic operations in East Europe expect the following advantages:

1. A profit margin higher than that generally attained from capital investments in West Europe.
2. Continued sales in the East of products whose marketability declines in the West (prolongation of so-called life cycle of products).
3. Utilization of the relatively low cost indigenous manpower, raw and other materials, and land.
4. Expansion of trade between the mother company of the foreign investor and the East European market.

In addition to the above-mentioned advantages of the unilateral kind, there also are the mutual advantages derived by both partners, such as:

1. Building start-points for the expansion of exports.
2. Combining of complementary resources (e.g., hard currency, technologies, manpower, machinery and equipment, manpower, distribution network, management system).
3. Stabilization of mutual cooperation.

However, the decisions of foreign investors are also greatly influenced by the legal and economic operating conditions of joint ventures as defined by the institutional legal regulations binding in the countries of East Europe. We propose to compare these regulations below, country by country, on the basis of the following criteria:

1. Agency issuing permits for joint ventures.
2. Operating scope of joint venture.
3. Permissible legal forms and foreign participation.
4. Principles of taxation, as well as any eventual tax exemptions.
5. Hard currency management and transfer of dividends.
6. Remuneration of foreigners employed by a joint venture.
7. Proportion of managerial positions held by foreigners in a joint venture.

#### **Bulgaria**

1. The subsector ministry or other agency specified by the Council of Ministers in the event that the foreign partner owns more than 49 percent of share in an incorporated company or one with a silent partner, or owns more than 20 percent of shares in a joint-stock company, or intends to operate on its own. In all other cases, all that is needed is to register the company.

2. Any field.

3. A limited liability company, a joint-stock company, or a company with a silent partner. There are no minimum or maximum limitations on the participation of the foreign partner.

4. The basic income tax rate is 30 percent for a joint venture and 40 percent for an autonomously operated company. Income tax exemptions apply for 5 years in high technology fields and in duty-free zones (with the basic tax rate after 5 years fixed at 20 percent). Partial tax relief is possible as regards that part of profits which is set aside for certain social purposes.

5. The possibility of buying hard currencies at the National Bank of Bulgaria with profits from economic operations based on an economic agreement with a state organization. The tax on dividends, author's rights, patent rights, fees for technical services, and leasing fees, is 15 percent for the foreign partner. Tax exempt are the dividends allocated for the acquisition of domestic shares and securities. The company pays a 10-percent tax on dividends.

6. Part of the emoluments may be paid in convertible currencies to both foreign and Bulgarian employees.

7. Unrestricted.

#### **Czechoslovakia**

1. Minister for the concerned subsector of industry.

2. Any field.

3. A limited liability company, a joint-stock company, a company with private and physical partners. No restrictions on the minimum and maximum participation by the foreign side.

4. The basic income tax rate is 40 percent. If the taxation base does not exceed 100,000 crowns, the income tax rate is 20 percent. Social security premiums are deducted from the taxation base. Exemptions from the income tax for 2 years may be granted by the minister of finance.

5. Dividends may be transferred [repatriated] only from the surplus of export income over spending on imports. The tax on the transfer is 25 percent.

6. Foreign employees of the company may freely repatriate their salaries. The company may also repatriate their social security payments.

7. Unrestricted.

#### **The GDR**

1. The Economic Committee of the Council of Ministers.

2. Unrestricted.

3. A limited liability company, a joint-stock company, a company with silent partners, and a personally held company. The minimum participation by the foreign side is 20 percent and in principle the maximum is not

more than 40 percent (a higher foreign share is possible if so necessitated by the nature of the operations and consonant with the interests of the GDR economy, and if the enterprises are small or medium). This minimum foreign participation must be equivalent to 30,000 GDR marks for a corporation, or 150,000 GDR marks for a joint-stock company).

4. Same as the tax rates for GDR enterprises. Income tax relief in preferred fields may be granted by the minister of finance and prices.

5. Individual permits specify the proportion of profits in hard currencies sold to the state. Enterprises operating in preferred fields and selling staple products on the domestic market may purchase hard currencies from the state at the binding rate of exchange.

6. Emoluments are paid in GDR marks with the right to convert and repatriate them.

7. Unrestricted.

#### Poland

1. Chairman of the Agency for Foreign Investments.

2. Unrestricted.

3. A limited liability company, including a single-owner joint-stock company. Minimum participation by the foreign side is 20 percent of the founding capital and not less than the equivalent of US\$50,000. Maximum participation unrestricted.

4. The basic income tax rate is 40 percent. A 3-year tax exemption may be granted in preferred fields and may be extended for up to an additional 3 years. Income tax relief also may be granted in the event of donations for social purposes, investments in environmental protection, production of building materials, and agricultural and food production.

5. The obligation to sell the hard currency profits from exports and the right to buy hard currencies in order to finance imports. Dividends from a surplus of export income over import expenditures in the accounting year may be repatriated; repatriation of the remaining part of dividends is possible in consonance with the corresponding schedule for the years 1990-95.

6. In Polish currency, with the possibility of converting it to hard currencies and repatriating after deducting a 30-percent tax.

7. Unrestricted.

#### Romania

1. Council of Ministers.

2. All fields except banking, insurance, and telecommunications.

3. A limited liability company, a joint-stock company. Maximum foreign participation is 40 percent.

4. The basic income tax rate is 30 percent. A 1-year exemption may be granted, followed by a 15-percent tax in the subsequent 2 years. Tax relief for reinvesting profits is possible.

5. Only the hard currency income of the company may be repatriated, and the applicable tax is 10 percent.

6. Emoluments paid in local currency, with the possibility of buying hard currencies and repatriating them to the extent determined by the governing board of the company.

7. Unrestricted.

#### Hungary

1. Permit required from ministers of finance and trade when forming a company with majority foreign capital. In other cases, registration suffices.

2. Unrestricted.

3. Limited liability company, joint-stock company, company with silent partners.

4. A 40-percent income tax when the taxation base is worth up to 3 million forints, and a 50-percent tax for higher bases. Income tax relief may be granted when the foreign participation in founding capital amounts to 20 percent or 5 million forints—in this case a 20-percent tax relief is granted; if the foreign participation exceeds 25 million forints or at least 30 percent of the founding capital, the tax relief granted is 60 percent for the first 5 years and 40 percent for the subsequent 6 years; if the company's operations are of special importance to the economy, a 100-percent tax exemption may be granted for the first 5 years followed by 40-percent tax relief for the subsequent 6 years. The possibility of obtaining other forms of tax relief exists.

5. Unrestricted repatriation of dividends.

6. Payable in domestic currency, with the possibility of exchanging 50 percent of the emoluments for hard currencies and repatriating them.

7. Unrestricted.

#### The USSR

1. A multiple-rung decisionmaking system; the final decision is taken by an agency of the USSR Council of Ministers.

2. Unrestricted.

3. A company with a structure close to that of a limited liability company, and a joint-stock company—stock ownership is not tantamount to possession of title to ownership.

4. A 30-percent income tax rate. A 2-year tax exemption—and in the Far East a 3-year one—may be granted. Tax relief for operation in preferred fields is possible.
5. Dividends may be repatriated after paying a 20-percent tax.
6. In local currency, with the possibility of purchasing hard currencies and repatriating part of the emoluments.
7. Unrestricted.

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The most favorable operating conditions for joint ventures are provided by the Hungarian and Polish regulations. The fact that so far the joint ventures registered in the USSR have been the most numerous is to be viewed against the background of the size and importance of the market of that country to foreign companies, for they have made allowance for potential Soviet demand as well as for the possibility of utilizing the natural resources of that country. A rapid growth in foreign investments can be expected in Czechoslovakia following the revisions of the laws governing the activities of joint ventures on its territory. A developed infrastructure, a relatively good economic situation, and numerous ties with enterprises from Germany, Austria, and other countries of West Europe, are important pluses for the Czechoslovak market. As for the GDR, it will, owing to the unification of the Germanys, become the largest area for foreign investments in Europe. But it is not typical of the countries of East Europe. The laws binding in Bulgaria and Romania and the unstable economic and political situation in these countries are causing foreign companies to show relatively little interest in investing in them. In the future the largest foreign investments can be expected by the countries in which institutional market reforms will be the most advanced and which will attain political as well as economic and social stability.

## GERMAN DEMOCRATIC REPUBLIC

### Lambsdorff Interviewed on Restructuring Farm Sector

90GE0116A East Berlin NEUE DEUTSCHE  
BAUERNZEITUNG in German 4 May 90 pp 6-7

[Interview with Dr. Otto Graf Lambsdorff, chairman FDP [Free Democratic Party], economics spokesman for the FDP Bundestag caucus by Helmut Boehm; place and date not given: "If I Were 30 Years Younger and Had a Little Money...."]

[Text] [Boehm] On his visit to the GDR, FRG Agriculture Minister Ignaz Kiechle repeatedly said that he sees no problem integrating the GDR's LPG's [agricultural producer cooperatives] into the EC's agricultural market. Do you share this opinion?

[Lambsdorff] Your question reflects the worries of many rural residents in the GDR. They are afraid that economic and monetary union and integration in the EC will cost them their jobs and their livelihood. I don't agree! Necessary adjustments will have to be made—of course—but they will be buffered either by social service compensations or by structural measures to open up new alternatives.

I am delighted that many LPG's have already made the best of new opportunities in entrepreneurship. It makes sense to replace businesses created by a command economy with market-oriented businesses; it makes sense for a business to cooperate with Western firms if there is not enough capital to finance necessary changes or if additional managerial expertise is required; it makes sense to build up and to expand recreational enterprises such as garden centers, golf courses, and horse livery stables in an endeavor to create new opportunities for business and labor.

The transformation process is already running in high gear and as it speeds along, more and more economy and environment related deficiencies will disappear: The average size of agricultural cooperatives will settle at cost-effective levels of between 1,000 and 2,000 hectares, the unreasonable separation of livestock and plant production will come to an end, abandoned or out-dated machinery and buildings will slowly become modernized.

### Intra-German Trade Is Not a One-Way Street

And now to your specific question: Of course, it is possible to integrate agricultural producer cooperatives into the EC. The treaties regulating the EC do not prescribe a particular type of agricultural production unit. Once LPG farmers are awarded private property in proportion to their holdings in the cooperative, they might decide that they want to keep working together after all. Such a voluntary decision will not only make them competitive, but will also ensure that they receive whatever assistance is permissible.

[Boehm] Many experts suggest that the complicated process of restructuring and adapting our agricultural production sector to the legal and economic structure of the FRG will take several years. Do you agree, and if so, where would you place priorities?

[Lambsdorff] I don't favor long transitions, but in this case the complexity of the problems involved and EC law will require transition periods for some areas. Generally though, I advise pressing on with German unification and to stay ahead of any problems that might crop up if one waits too long. An important priority in the agricultural sector is the understanding that the intra-German agro-trade must not become a one-way street for the GDR! High quality processed foods from the FRG are already making significant inroads into the GDR market and in so doing reduce opportunities for GDR farmers to sell their milk, meat, and grains to the domestic food processing industry.



Simple fairness tells us not to create a market distortion where goods flow mostly in one direction. We must avoid the renewed emergence of an economic border, even the emergence of a "green frontier" is objectionable. EC legal statutes, and in particular the protocol regulating intra-German trade must not become an excuse for leaving the current quota system on goods completely unchanged. Certain legal stipulations could be satisfied by combining extensive trade liberalization with a licensing system for particularly sensitive products. If we want a largely free intra-German exchange of goods then we should use protective measures only where absolutely necessary.

[Boehm] Experts in your party, such as Dr. Hermann Otto Solms and Guenther Bredehorn, have addressed the question of reforming the GDR's agricultural structure and they have suggested changing the kind of cooperative ownership that you yourself call "fake" into a true, realistically appraised joint ownership. Could you explain this concept in more detail?

#### **Extent of LPG Holdings Determine Size of Property**

[Lambsdorff] My colleagues Dr. Hermann Otto Solms, Guenther Bredehorn, and I feel very deeply that the right to private property is at the heart of a liberal and democratic state ruled by law. Forty years of centralized socialism in your country have shown that responsibility, enthusiasm, and entrepreneurial initiative wither away completely when the incentive to acquire private property is missing. Ownership of the land that LPG members have brought into the cooperative must no longer only exist on paper. It is time to take a critical look at the LPG law which regulates cooperatives in every way.

Depending on their holdings, cooperative farmers should once more receive true ownership together with all the rights and responsibilities that come with such private ownership. The right to dispose of their property as they see fit should be returned to cooperative farmers. Each farmer should be guaranteed the right to decide what he wants to do. He might want to leave the cooperative and work his land as a private enterprise, or he might want keep his realistically appraised property in the cooperative, or he might want to increase his holdings, or he might want to sell it to other farmers in the cooperative.

It should become possible for farmers to join together voluntarily, to form cooperatives that consist of independent, property owning farmers who contribute their land and inventory to enterprises that are organized in many different ways. It should become possible to allow for small-scale farming to supplement a primary income or to develop other alternative forms of agricultural production.

#### **It Is Time To Show Some Initiative!**

[Boehm] Many readers worry and want to know if they will be able to keep the land that they acquired during the agricultural land reform and in the decades since then.

[Lambsdorff] I have just taken a stand in favor of guaranteeing private property, and hence I object to the perpetuation of illegal expropriations. On the other hand, I have to admit that it is impossible to turn back the clock and undo 40 years of GDR history. Nobody I know is seriously suggesting that the results of the agricultural land reform implemented by the Soviets between 1945 and 1949 be rendered null and void. In cases of reprivatization one might want to consider government compensation above and beyond the regular equalization of burden payments. Those concerned expect a satisfactory solution to their problem. Whatever the solution though, it should not lead to the fragmentation of agricultural cooperatives. Former owners should be given an option to buy back what they have owned either by offering partnerships in the cooperative or, if applicable, by applying previous equalization of burden payments toward the buy-back price.

[Boehm] Would you tell certain specialists in the agricultural sector, such as gardeners, construction, and repair workers that this is a particularly opportune time to become self-employed? In how much can they count on ideological and material support from the Federal Republic?

[Lambsdorff] During the past three months I have said many times and I am repeating it emphatically once more: If I were 30 years younger and had a little money to work with, I would become self-employed; especially if I lived in the GDR and had special skills. If you show a little enthusiasm, opportunity will follow, especially in the small business sectors you have mentioned; in addition, the FRG has already set up numerous ways to provide support.

Completely new is the decision to fund self-starters in the GDR through a new personal capital assistance program that gives individuals with a strong background in business and trade access to loans at every credit institution in the FRG and the GDR. The term of the loan is twenty years and the first three years are interest-free.

Furthermore, the Federal Government is extending long-term, low-interest investment credits from a special state operated fund (ERP) [European Recovery Program] with a volume of DM6 billion to extend financial support to private, middle-sized enterprises. Finally, the supplementary 1990 budget sets aside DM2 million to provide for extensive professional and market-oriented consultation and training in the food, agriculture, and forestry sector. The purpose behind all this is to help develop initiative and entrepreneurship.

### Quarterly Statistics on Rostock Harbor Cited

90GE0117A East Berlin NEUE ZEIT in German  
17 May 90 p 4

[Article by Peter Gerds: "The Future of Rostock Harbor: Market Operation Has Already Led to Initial Successes"]

[Text] The 30th birthday of the harbor in Rostock at the end of April was no normal anniversary. The historic changes in our country have meant that this day will go down as a turning point in the history of this gateway to the world. Because at the same moment that customers and friends from many countries expressed their congratulations, the application by the Rostock Maritime Harbor for conversion into a joint-stock company was submitted to the trust institution in Berlin. For this, the law requires, among other things, an open statement concerning the current financial situation of the enterprise, in addition to a feasible plan for the corporation. All requirements were met.

During the three months of this year, 4.4 million tons of liquid, bulk, and mixed cargo were transshipped. The average daily output from January to March was 48,730 tons. Because costs were significantly lower than expected, the first quarter was closed out with a solid profit. In the interest of maintaining the harbor's high performance level and the jobs of a well-trained work force, this year's business plan provides for balancing out the differences that have emerged or that will emerge in the amount of goods (1989 annual turnover: 20.7 million tons), with heating oil and cement, among other things.

The first tangible success in this has already been seen, attributable to independent market operations. There is close cooperation with the office of the merchant marine DSR in Prague and Budapest, as well as with installations in Berlin, Leipzig, and Karl-Marx-Stadt. Further representation offices should follow. It appears to be extremely important that an office for the harbor be set up in Vienna. This should help to successfully complete the establishment of a north-south route from Scandinavia to southern Europe, which the harbor will operate with a foreign company. The completed transformation of the former GDR-Austria Maritime Harbor Contact Committee into a company with an investment by Rostock Harbor should also be seen in this regard. Scandinavian shipping companies have already announced their intention to use this north-south route. In so doing, they are betting on the quality of a Rostock all-cargo harbor, with its five docks—10 km of wharfs and 43 berths, with a maximum water depth of 13 meters, which makes it possible to process 60,000 tdw [tons deadweight] ships, and the 110 cranes for up to 63 tons as well as the floating crane that can lift 100 tons. The oil harbor has tanks with a capacity of 100,000 cubic meters, the grain harbor has silos for over 100,000 tons, 55,000 tons of fertilizer can be stored in corresponding warehouses, and for bulk cargo there is room for 300,000 and covered and uncovered storage room for nearly 470,000 square meters.

INTERPORT, the former economic organization between Poland and the GDR, will also be affected. From now on, it should be used primarily in an advertising function for the distribution of cargo in the Baltic Sea area.

With the formation of Seehafen Rostock AG, the foundations are established for Rostock's harbor adapting flexibly to its new role as the turntable in trade between northern, central, and southern Europe, as well as its distribution function between East and West Europe. It is already predicted that the harbor will some day join the community, i.e., Rostock, or the new Land government. In so doing, it will pursue the goal of preserving its operating capital and combining equity capital with other companies only in the second stage. The main undertaking of the new joint-stock company will be the stevedore, transshipment, and storage business, with the corresponding equipment and installations, capacities of the maintenance economy, as well as administration and business management.

After 1991, subsidiaries should be formed that independently offer their services, such as mooring and casting off ships, or garbage disposal.

### Agreement on Joint German Gas Pipeline Finalized

90GE0120A East Berlin BERLINER ZEITUNG  
26 Apr 90 p 11

[Article by Rainer Schmidt: "Ruhrgas AG Essen To Deliver 2 Billion Cubic Meters of Natural Gas; First Inner-German Energy Enterprise Deal Concluded After Four-Month Negotiation"]

[Text] The first inner-German energy transaction has been concluded. Shortly before Easter, following negotiations that lasted only four months, Ruhrgas AG Essen and the VEB [state enterprise] Gas Network Boehlen/Ehrenberg in Leipzig established the joint enterprise "Natural Gas Supply Company, Limited." Agreement was reached at the same time on the delivery of 2 billion cubic meters of natural gas. The GDR's current gas supply is 14 billion cubic meters.

The choice of Leipzig as the site for the signing of the agreement was replete with symbolism. Subsequently both sides to the contract were once again given a visual demonstration of the urgency of a fundamental overhaul of energy policy in the GDR. The smoke-belching chimneys of the coal-burning power plant situated in the middle of the city hosting the fair pollute the air severely, along with other industrial plants. In the Leipzig area the limits for sulfur-dioxide pollution have been exceeded for years.

So this ecological aspect determined to some extent the signing of the agreement. The agreed upon volume of 2 billion cubic meters of natural gas from the Netherlands, Norway, and the FRG is destined for the industrial center in Thuringia and Saxony, where brown coal has

long dominated. In view of the urgent need in the GDR, deliveries are scheduled to start before the winter of 1992-93.

As Lutz Haensel, plant manager of the VEB Gas Network and Dr. Klaus Liesen, president of Ruhrgas AG, stated at the signing of the contract, the agreement signifies the start of a project which will improve the environmental and energy situation for the populace in these areas. By replacing brown, 400,000 tons of sulfur dioxide and more than 120,000 tons of solid particulates can be prevented annually.

A second fundamental motive for implementing the natural gas project was the opportunity to increase the amount of natural gas in the energy supply and thereby ensure supplies. Two factors are aggravating the current situation. First, the production of domestic natural gas is in arrears—second, as a result of the planned reduction of brown coal production—less city gas is available.

So the GDR is forced into the position of needed additional natural gas in order to break away from a monoculture in energy. Because the Soviet supplies of 8 billion cubic meters annually continue to constitute our principal source, and desired increases still have to be negotiated, the new sources in the FRG are most welcome. In order to tap these new sources, new pipelines will have to be built. That will be the job of the Supply Company, Limited mentioned at the beginning of the article. Ruhrgas is building a branch line about 60 km long from the Lauterbach area in Hesse as far as the GDR border to Bad Hersfeld. On the GDR side, a pipeline will be built extending from the border through Eisenach and Erfurt to Jena to connect with the existing gas network in Gera. This route also opens the GDR up in the future for to a connection from the West to the European natural gas pipeline system.

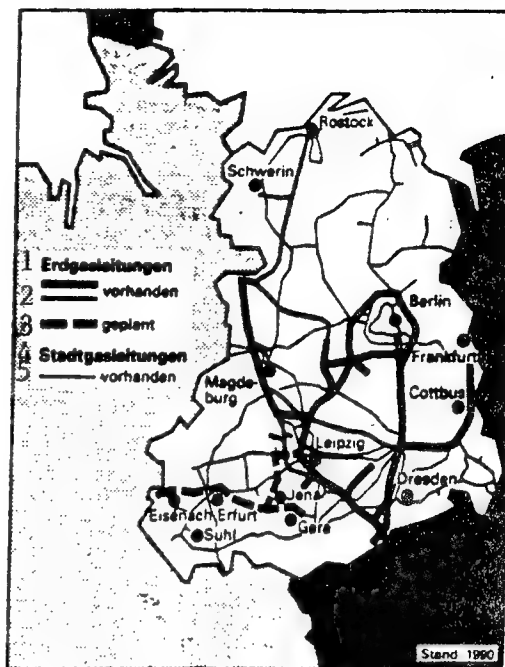
The pipeline project will cost about M 700 million, with the FRG assuming about M 200 million. Managing/Operations direction Haensel was optimistic with regard to the financing of this substantial investment. Previous loans had always been paid off ahead of time through the VEB (network), so there should be no problems this time in finding a creditor/credit. The head of Ruhrgas Liesen agreed with his colleague. Financially the project was perfectly healthy and could be financed without further problems.

#### Auto Factory Start Up Problems Sketched

90GE0123A Hamburg DER SPIEGEL in German  
Vol 44 No 21, 21 May 90 pp 130-133

[Article by Dietmar Hawranek, DER SPIEGEL editor: "Together Into Chaos—On VW's Laborious Start in the GDR"]

[Text] Roland Mueller briefly glances at the console of the new car factory and presses one of the many buttons. In front of him and moving sideways with a slight jerk is



Gasleitungen in der DDR.

Grafik: Ruhrgas AG

Key:

#### Gas Pipelines in the GDR

1. Natural gas pipelines
2. Existing
3. Planned
4. City gas pipelines
5. Existing

the stage on which stands a blue Trabi body. It comes to a halt below a gripping device equipped with four steel arms.

Mueller smiles, satisfied, and presses another button. The gripping device slowly descends. Its arms hover on the outside of the auto body, approach the stage and, suddenly, settle with a loud crack: Mountings break off, an overhead suspension buckles.

It is 0700 hours. Mueller's work day has begun just about the way the assembly manager expected: "With a slight glitch."

Later in his office, while taking his breakfast sandwich from its plastic bag and waxed paper wrapping, Mueller says reflectively: "Everything goes wrong here."

It should not be so. After all, Mueller is not involved in the start up of some backyard workshop. Together with exports from the VW Corporation, the man from the IFA Combine is supposed to organize the industry of the future East German car industry: Polos and Trabants with VW engines are to roll off the assembly lines at a new plant in the small town of Mosel, a few kilometers from the old factory in Zwickau. VW intends to invest

DM5 billion at this location. It is the so far most important German-German joint venture. Here the market economy is meant to demonstrate how to quickly bring up to snuff an industry ruined by central planning. And yet, early in the morning already, this Mueller looks as if he personally embodied a small mishap.

The symbol of the new age may be viewed in the factory bay, close by the area of the accident: A white Polo body with five workers standing around it. The metal outside, welded and painted in Wolfsburg, and 15 more like it, were brought to Mosel by rail, and IFA workers are now to assemble a completed Volkswagen.

IFA workers Klaus Ziegenfuss demonstrates the initial manipulations for a coworker: "Molding in, corner window in, raise the pane—everything is quite easy, but you must be careful with the crank handle to see that it sits properly in the guide."

Many years of working on the Trabi mean that Ziegenfuss is ecstatic about nothing more than trifles, for instance the fact that "everything fits just so" in the cars from Wolfsburg. No threads need to be recut, no iron piece refilled, "one door is exactly like all others."

Ziegenfuss' first experience of Western precision work came on the VW assembly lines. He and a dozen coworkers had three weeks training for their new duties. The GDR mechanics put windows and seats, headlights and tanks, axles and engines in the Polo, and were soon able to keep up with their Wolfsburg colleagues. However, now they are back in Mosel, and everything is suddenly quite different.

"Where the heck is Uwe?" Zimmermann asks with some annoyance, because work is not proceeding properly. Uwe is searching for a spring washer No. 012 038.2 and other components needed for the next morning's work. He has taken a small handcart to the warehouse where wooden crates from Wolfsburg are being unloaded. These contain the 1,174 parts making up a Polo.

The car as a construction set from the crate: Work in the VW-IFA joint venture will most likely proceed on these lines until the end of 1993. Not until then will a pressing plant, a body plant and paint shop be completed on the field next to the assembly halls. Only then will the workers manufacture their own car components and no longer have to fit together the parts supplied like jigsaw puzzles.

From 1994 on, roughly 250,000 VW's are to be annually produced in Mosel. By comparison this year's targets (50 Polos are supposed to roll off the assembly lines from October on) appear very modest indeed. And yet there are days when even this Wolfsburg target looks like wishful thinking.

By now it's 1100 hours. A VW engineer stands next the Polo body, looking helpless. His GDR colleague Ziegenfuss has gone, Uwe has not returned with the handcart,

and the other GDR workers have also disappeared. "The devil only knows, what they are doing now," the VW staffer complains.

The VW Corporation has sent a round dozen engineers to Mosel. They were grandly told that they were to act as "pioneers." They are supposed to perform an act of magic in this factory, where construction had begun before 9 November, and which was to turn out Trabants: To be assembled on the same line are the plastic automobile from the East and the metal car from the West.

Several of the VW experts sent to Saxony have already done pioneering work in the most difficult conditions, at VW offshoots in Mexico, Nigeria, and China. They have experienced a lot, and assembly expert Karl-Heinz Loeblein is therefore able still to smile when others would long have lost their cool.

Loeblein is well aware that he is merely a "guest" here. VW does not have a majority holding in the joint enterprise, and for the moment he is only able to make recommendations to IFA employees. And if no IFA staffer arrives at the important 1100 meeting, what is he supposed to do?

Before the lunch break, Loeblein can make sure only that a new gripping device is mounted in the conveyor chain. The latter has already been adapted to lift a Polo instead of a Trabi. The white car body is to be hung from it at a height of about 1.80 meters. IFA mechanics will then be able to install the tank and the axles from below.

The IFA workers reappear after lunch. Seven of them push the Polo body past five Trabais dangling quietly from their grabs.

"This is where it has to be," Loeblein says. However, the Polo grab no longer hangs where it was mounted before the noon break. It floats quite a bit further, four meter above the floor. At that point, the bodies are carried around a curve by the steel arms and cannot be worked on.

During the lunch break, an IFA workers had advanced the conveyor by two cycles, with the result that the Polo grab rose. Now everything has come to a standstill. The conveyor can be neither reversed nor advanced. A VW worker jokes: "I suppose they wanted to prevent a Polo hanging ahead of the Trabais." Another VW'er gripes: "They are boycotting us here."

Of course a lot tends to go, wrong whenever a new car factory is started up. The breakdowns are rarely publicized, because the engineers show off their handiwork only once everything is in order, and the robots in the paint shop no longer spray paint on one another.

Still, the problems in Mosel are usually caused by other factors. Two economic systems work alongside one another, the planned economy and the market economy. All they currently produce is sheer chaos.

VW's laborious start in East Germany provides some intimation of the nerves and patience that will be needed for the transition of the socialist economy to the market economy. Money alone will not be able to achieve the miracle in the East. The Westerners will have to supply a lot of good will, the Easterners an enormous readiness to learn.

In a planned economy, nobody is responsible for the unplanned electricity failure that idles part of the plant. The workers in Mosel use their opportunity to enjoy a short break. The equipment is still idle five hours later when a VW engineer is told about the breakdown and threatens: "If you ever again wait so long to inform us, it will be the last time for you."

Thomas Kuthnig, IFA worker, complains that in a planned economy, he is "refused a piece of wire." Kuthner had requested a connection between his data collection room and the Robotron computer on the conveyor, that registers the chassis numbers. That would save a lot of duplication of effort. Yet his boss told him to "let it be, your coworkers need to keep their jobs."

In the GDR economic system, plan fulfillment must be celebrated, even if it is still far in the future. The person responsible for investments at IFA/Mosel is not concerned that nothing functions properly as yet. He has one Trabi and one Polo body polished to high gloss, poses between the two and makes a speech welcoming the successful start of production.

More than 40 years planned economy have left traces, not only in the factories that can be replaced by new buildings, but also in [people's] heads. As Thomas Kuthnig says, "he who ambled for 40 years cannot suddenly start to gallop."

In the meantime the seven workers have pushed the Polo body back to its former place. Uwe is in the warehouse and searches for components. Karl-Heinz Loeblein thoughtfully wanders along the stationary assembly line. Near the entrance to the hall he passes two workers whose jackhammers are ripping open the sealed floor. A roller type test stand is to be mounted in this location, to test drive cars in place.

A few meters from the noisy and dusty work, engineers from the Komeg Company (Saarland) are busy installing electronic testing gear for track and headlight mounting. The extra sensitive instruments fare badly among the dust from the construction trench. A Komeg engineer sourly comments "all this is more than insane."

An hour before the end of the working day, hardly a seat remains unoccupied in the recreation room. Morale is low. Eastern workers talk of a VW staffer who had said something monstrous: IFA people, he is alleged to have pronounced, "work as slowly as niggers." [as published]

The workers complain that the frequent idle times are just as objectionable to them as to the Wolfsburg crew. They are often simply compelled to idleness. Assembly

worker Frank Lindner says: "We need neither a screwdriver nor a hammer, we need a coffeemaker."

The workers hold the foremen responsible for the many difficulties, the foremen their section managers. Between two pulls on his Karo cigarette, one says that "the whole thing is a Kamikaze enterprise." Most of them think they know how the plant may be saved from chaos. In the words of IFA worker Ziegenfuss, the VW people should "put their management hats on and issue marching orders."

That is probably how it will be. At some time VW will obtain the majority in the joint venture, and Loeblein and his colleagues will be bosses instead of guests.

Until then, though, Loeblein will have many more experiences as on this afternoon: He needs to laboriously persuade some workers to install a new gripper device for the Polo body—never mind the lateness of the hour.

For a while eight workers discuss how to do that: Finally one goes to get a forklift truck, another a ladder. And then the working day that began with a little mishap does, after all, end with a small success: The grab is fixed in place by 1700.

Loeblein plans for the white Polo to be hung on it next morning, and for the installation of the axles to begin. Unless something else intervenes.

#### **New Agriculture Minister on Farm Sector Status** *90GE0124A Leipzig LEIPZIGER VOLKSZEITUNG* *in German 3 May 90 p 3*

[Interview with Minister of Food, Agriculture, and Forestry Dr. Peter Pollack by Harald Lachmann; place and date not given: "Do Our Farmers Have a Chance in the EC Market?"—first paragraph is LEIPZIGER VOLKSZEITUNG introduction]

[Text] For more than 20 years, Dr. Pollack headed a science center concerned with land improvement issues in the Magdeburg region. He is 59, has never been a member of any party, and the SPD [Social Democratic Party] has now entrusted him with the office of agriculture minister.

[Lachmann] You live in a village, do you also feel yourself to be a farmer?

[Pollack] I do indeed feel myself a farmer, by profession and avocation. My ancestors were mainly farmers, they also were rural physicians and ministers. I like to live in the country, where everybody talks to everybody else.

[Lachmann] How come the SPD gets to furnish the agriculture minister rather than the DSU [German Social Union] that made every effort to be the one to make the appointment?

[Pollack] That was a result of the coalition negotiations. I myself cannot tell you much about that. Still, I am very

pleased indeed that the SPD has been allocated this ministry, because I am well aware of that party's special concerns with our farmers.

[Lachmann] What are your ideas on taking over this office?

[Pollack] With the general intention to ease the transition to the economic union and beyond for our farmers, foresters, and food suppliers in a manner that is acceptable for them in social terms. I am ready to tackle this task although, or just because, I am familiar with the sorry inheritance prevailing in these sectors.

[Lachmann] Could you name some main topics?

[Pollack] For example the problem ridden structures in farming, in other words the separation of livestock and crop, industrialized facilities, and so on. Then there are the very complex and still unsettled ownership issues, Questions with respect to land and cooperative law, inadequate building stock, obsolete equipment and machinery, irresponsible pollution, erosion damage, the wasteful exploitation of the forests, the entirely inadequate technical equipment of the food industry. Not least an ossified trade. Sometimes I actually think that the things happening now are bordering on sabotage.

[Lachmann] Moreover, there is the current extreme excess production of meat, milk and eggs...Has our farm sector arrived at a dead end?

[Pollack] I would not go so far, though appearances may tend to suggest it. I think we have quite a reasonable chance to become competitive, especially if all people working in these sectors are prepared to quickly change their mode of thought and go along with us.

[Lachmann] Much will have to be rethought in your ministry also. What is the role you assign it?

[Pollack] As you know, we have up to now had what amounts to a totally centralized agriculture. Many decisions were made in this or another ministry, decisions that actually were none of the ministry's business. Our future task will be to simply set the framework within which the farmers can operate. Everything else must be left up to them.

[Lachmann] Such a framework seems not only imperative as a formative element on the domestic scene but also urgently necessary as protection from the outside.

[Pollack] I am well aware of the need to act, because—as I said earlier—my roots are in the country. Consequently, I advocate the rapid installation of what I call a green border in Germany, to safeguard our agriculture and food industry for several years to come. This way nothing here will come to grief, and we may preserve as many jobs as possible.

[Lachmann] For how many years?

[Pollack] I hope for five years.

[Lachmann] With your permission, minister, if there is going to be no border whatever between the two Germanys in two years' time, how can you hope to prevent farm products from flowing, for example, from Hesse to Leipzig unchecked? Is not the green border just wishful thinking on your part?

[Pollack] Your objection is quite justified. My assumptions are based on the following: As for the minor flow of merchandise traveling between totally open borders, we have to try and control that by way of taxes, in other words by skimming off profits, and thereby prevent flooding. The major streams of merchandise—certainly the main concern—will be confined to specific channels for quite some time to come. Veterinary regulations represent one example. We will just have to do the channeling. Of course we cannot do that down to the last gram, but there will be some order. The same thing goes on inside the EC.

[Lachmann] You have just said the magic word: The single EC farm market is to take effect in 1992. FRG farmers are uneasy contemplating it, because the forecasts speak of the failure of every second farm. Green EC borders will then cease to exist, and yet you think of a closed season for us?

[Pollack] Though I am not yet familiar with EC legislation, I am certain that a green border will have to be available to our farmers even beyond 1992. In the course of our negotiations, Mr. Kiehle, my partner, has at least indicated that he is prepared to help. We will make our demands quite clear as regards this issue.

[Lachmann] Protection and closed season are of course only one aspect. The other one: Attractive dairy and meat products, and so on—no virtually flooding us, are definitely in demand. After all, we see the evidence every day.

[Pollack] We neither can nor wish to once more deprive the general public of these products. However, we certainly must establish a reasonable licensing base. Furthermore, we intend in conjunction with the Federal Republic to institute a processing traffic. In other words, the FRG is to purchase livestock and milk in return for our buying its farm products.

[Lachmann] That will not make any difference to exports to East and South East Europe?

[Pollack] As we have already done to some extent, we will actually increase them substantially. Up to the end of June alone, we will be selling 800,000 fattened hogs to that region, more than in all of 1989.

[Lachmann] Will acreage be idled in the GDR?

[Pollack] Yes, in unprofitable locations, where much more was invested in recent years than could possibly be recovered. We intend to reforest these lands, and that will temporarily provide additional jobs.



[Lachmann] You appear very confident that it will be possible to make our agriculture competitive on the market. What is the reason for your confidence?

[Pollack] Provided we create reasonable dimensions—generally 1,500-2,000 hectare enterprises—we will definitely have a competitive edge. Our Federal German counterparts admit that quite openly. Our structures, our land, our livestock facilities and, in future, much cheaper capital equipment—all these provide us with an opportunity. It will be up to us to utilize it.

## HUNGARY

### Influx of U.S. Firms Viewed as Goldrush

90CH0156A Vienna DER STANDARD in German  
12 Apr 90 p 18

[Article by Adam Zwass: "Huge Run on Joint Ventures"]

[Text] Vienna—The newly elected reform leadership under Reszo Nyers, Miklos Nemeth, Gyula Horn has not yet made up for the poor economic heritage left by Kadar during its short term in power. However, it has created some starting points for this, primarily through the opening to the West: by the end of 1988, 280 joint ventures were in force; during 1989, 750 were concluded with Western enterprises. Large U.S. corporations have entered the promising business; in the words of Michael T. Schade, president of the U.S. Chamber of Commerce in Budapest, it is like a goldrush; 100 U.S. firms have already made deals and 50 others have representatives in Budapest.

Such giants as General Electric, General Motors, Levi Strauss, or McDonald expect lucrative business in a Hungary which is opening up toward the West. Exiled Hungarians who have become successful in the United States are returning to Hungary, after having found a new home in the United States after the 1956 October Revolution. George Varga is the director of a joint enterprise founded by General Electric.

The U.S. commercial attache in Budapest, David A. Hughes, says that 200 representatives of U.S. firms have visited him so far this year to sound out opportunities. Among them were representatives of such giant enterprises as Ford Motor Company, Eastman Kodak, and Minnesota Mining and Manufacturing Company. Ronald S. Lauder and the former U.S. ambassador in Budapest have founded a U.S.-Canadian consortium whose capital far exceeds Hungary's total debt to the West. Rupert Murdoch is about to dominate Hungary's print media.

### Profitable Deals

Some businessmen are already having success. Andras Pinter, manager of a joint venture established by Levi Strauss states that the annual profit of his 200-employee enterprise has already exceeded the locally invested \$1 million capital. The Fotex film enterprise invested 200,000 [Austrian] schillings and earned \$1 million in 1989.

The newly founded joint ventures enjoy a tax shelter during the initial five years and foreign investors have the right to transfer their earnings to their home countries without any impediment.

Two weeks before its term expired the Nemeth regime arranged for the conversion of Soviet trade balances into a dollar base. The USSR will reimburse Hungary for \$720 million, based on an exchange rate of \$1=0.92 rubles (the official rate if \$1=0.61 rubles). However, this sum is not to be paid immediately, but rather during next year's trade activity. Hungary's deliveries are to shrink from 1989's 4.8 billion rubles to 3.7 billion rubles in 1990. The USSR will sell Hungary goods amounting to 3.7 billion rubles, of which 3 billion rubles will be for oil, natural gas and raw materials.

In 1989 the GNP declined by 1.8 percent and industrial productivity by three percent over the previous year. The hard currency trade deficit increased from \$592 million to \$1.4 billion in 1989. However, Hungary attained a \$540 million trade surplus in foreign trade. Some 40 percent of imports have already been entirely liberalized.

Considering the debt service of about \$2.5 billion for the enormous debt of \$20.7 billion, one comes to the conclusion that the new government is faced with some hard tasks. However, there is not much latitude for additional economic reforms. Informed sources state that the new government does not plan to continue the practice of turning over the state treasury to its former officials. More generous economic aid is expected from the West.

### Austria Leads in Hungary—Hungarian Joint Ventures with Western Partners

United States	52
Switzerland	62
FRG	268
Austria	270

At this moment there are about 1,000 joint ventures in Hungary. Austrian enterprises are in the lead on this, both in number of commitments and capital volume. Some 270 Austrian enterprises have already ventured into the neighboring country to the east and have invested about 450 million schillings. The FRG is second, with 268 projects and a capital volume of almost 400 million schillings; Switzerland is third.

**International Balance of Payments, Foreign Claims, Indebtedness**

90CH0116A Budapest FIGYELO in Hungarian 10 May 90 p 15

[Unattributed article]

[Text]

**Table 1: Hungary's Balance of Payments in Convertible Currency**  
(in millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989
Exports	4,831	4,832	4,961	4,188	4,186	5,050	5,505	6,446
Imports	4,163	4,059	4,025	4,060	4,668	5,014	5,016	5,910
—Trade Balance	668	772	891	127	- 482	36	489	537
Shipping and Insurance Balance	- 222	- 164	- 154	- 156	- 237	- 308	- 300	- 309
Foreign Tourism								
—Revenues	264	256	268	281	364	553	670	738
—Expenditures	84	89	103	134	165	185	629	1,087
—Balance	180	167	165	147	199	368	41	- 349
Income from Foreign Investments								
—Revenues	79	97	128	186	252	235	230	218
—Expenditures	1,197	855	944	1,019	1,215	1,222	1,307	1,605
—Balance	- 1,118	- 758	- 815	- 833	- 963	- 987	- 1,077	- 1,387
Balance of Government Payments	- 32	- 38	- 37	- 44	- 32	- 52	- 76	- 57
Balance of Unilateral Transfers	61	53	63	61	74	102	114	126
Balance of Other Current Payments	164	38	- 47	- 149	- 54	- 36	1	2
—Current Balance of Payments	- 299	71	67	- 847	- 1,495	- 876	- 807	- 1,437
—Active Capital Balance	299	- 71	- 67	847	1,495	876	807	1,437
Medium and Long-Term Active Capital	194	198	1,734	1,603	1,059	756	555	1,411
—Balance of Assets	- 510	- 185	- 43	- 240	- 79	- 84	- 27	32
—Balance of Liabilities	704	382	1,777	1,843	1,138	840	583	1,379
—Withdrawal	1,939	1,878	3,538	4,513	4,105	3,364	2,787	3,343
—Amortization	1,235	1,496	1,761	2,670	2,967	2,524	2,205	1,964
—Principal Balance	- 105	268	1,801	756	- 437	- 120	- 252	- 26
Short-Term Active Capital	- 709	574	- 1,049	- 389	493	- 778	288	- 44
—Assets	- 500	- 229	- 223	- 199	298	- 177	- 3	- 137
—Liabilities	- 209	803	- 826	- 190	195	- 601	291	93
Total Balance of Payments	- 813	843	753	367	56	- 898	36	- 70
—Change in Reserves	813	- 843	- 753	- 367	- 56	898	- 36	70

**Table 2: Hungary's Balance of Payments in Non-Convertible Currency**  
(in millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989
Exports	4,207	4,146	4,174	4,390	5,019	4,915	4,484	4,047
Imports	4,465	4,485	4,285	4,070	4,995	4,873	4,390	3,540

**Table 2: Hungary's Balance of Payments in Non-Convertible Currency**  
(in millions of dollars)  
(Continued)

	1982	1983	1984	1985	1986	1987	1988	1989
—Trade Balance	- 258	- 339	- 111	320	17	41	94	507
Shipping and Insurance Balance	- 91	- 70	- 65	- 83	- 76	- 81	- 77	- 56
Foreign Tourism								
—Revenues	138	158	167	177	239	253	195	246
—Expenditures	57	62	63	65	72	84	82	56
—Balance	81	96	104	112	167	170	113	191
Income from Foreign Investments								
—Revenues	30	20	11	9	9	11	10	13
—Expenditures	25	37	45	43	37	50	26	20
—Balance	5	- 17	- 34	- 34	- 28	- 39	- 17	- 8
Balance of Government Payments	3	6	6	6	4	6	21	27
Balance of Unilateral Transfers	2	3	3	4	4	3	3	4
Balance of Other Current Payments	23	70	71	66	45	101	95	201
—Current Balance of Payments	- 235	- 250	- 28	390	133	201	233	866
—Active Capital Balance	235	250	28	- 390	- 132	- 201	- 233	- 866
Medium and Long-Term Active Capital	96	101	16	- 3	- 215	- 177	- 267	- 278
—Balance of Assets	- 18	8	- 5	15	- 48	- 70	- 69	- 127
—Balance of Liabilities	114	93	21	- 18	- 167	- 107	- 199	- 151
—Withdrawal	133	131	182	54	66	60	44	20
—Amortization	19	39	162	72	233	166	242	170
—Principal Balance	- 139	- 150	- 12	387	- 82	25	- 35	588
Short-Term Capital Movement	180	128	3	- 240	1	80	- 42	- 109
—Assets	148	- 23	20	0	9	11	3	- 96
—Liabilities	32	151	- 17	- 240	- 7	69	- 45	- 13
Total Balance of Payments	40	- 22	- 9	147	- 82	104	- 77	479
—Change in Reserves	- 40	22	9	- 147	81	- 104	77	- 480

**Table 3: Hungary's Total Foreign Debt at the End of the Period**  
(in millions of dollars)

	1986	1987	1988	1989
In Convertible Currency				
Total Foreign Debt	16,914	19,592	19,625	20,605
According to Original Terms				
—Short-Term	3,494	3,103	3,363	3,307
—Medium and Long-Term	13,420	16,489	16,262	17,299
According to Type				
—Financial Credits	15,084	17,509	17,469	18,060
—Commercial Credits	1,433	1,652	1,626	1,763
—Inter-Governmental Loans	1	0	0	0

**Table 3: Hungary's Total Foreign Debt at the End of the Period**  
(in millions of dollars)  
(Continued)

	1986	1987	1988	1989
—Operating Capital Investments*	7	8	23	215
—Other Credits	389	422	508	568
In Non-Convertible Currency				
Total Foreign Debt	1,021	947	583	361
According to Original Terms				
—Short-Term	111	184	120	87
—Medium and Long-Term	910	763	463	274
According to Type				
—Financial Credits	141	211	136	88
—Commercial Credits	0	0	0	0
—Inter-Governmental Loans	873	728	439	260
—Other Credits	8	8	8	12
Total Foreign Loans	17,935	20,539	20,208	20,966

\* The repayment-guaranteed (therefore debt-like) portion of operating- capital investments of foreign origin

**Table 4: Hungary's International Reserves and Other Foreign Assets at the End of the Period**  
(in millions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989
International Reserves	1,000	1,622	2,069	3,017	3,227	2,449	2,178	2,292
Convertible Currencies	942	1,577	2,026	2,793	3,053	2,159	1,976	1,725
—Gold*	146	346	466	640	751	525	510	479
—Currency	796	1,231	1,560	2,153	2,302	1,634	1,467	1,246
Non-Convertible Currencies	58	45	43	225	174	289	202	567
Other Foreign Assets	2,403	2,604	2,792	3,539	3,667	4,265	4,162	4,434
Convertible Currencies	2,007	2,175	2,408	3,116	3,186	3,742	3,660	3,765
—Short-Term	1,114	1,280	1,569	1,968	1,854	2,277	2,201	2,355
—Long-Term	893	895	839	1,148	1,332	1,465	1,459	1,409
Non-Convertible Currencies	395	430	384	422	481	524	502	669
—Short-Term	79	111	93	108	110	98	69	169
—Long-Term	316	318	291	315	371	426	433	500
International Reserves and Other Foreign Resources Combined	3,402	4,226	4,861	6,556	6,894	6,714	6,340	6,726

\* Computed at \$275 per ounce for between 1982 and 1985, and at \$320 per ounce since 1986

**Table 5: Breakdown of Hungary's Medium and Long-Term Debt Obligations as Projected at the End of 1989, According to Types of Credit**  
(in millions of dollars)

	1990	1991	1992	1993	1995	1995 and thereafter	Total
Financial Credits	1,723.3	1,836.4	2,103.5	1,846.6	1,705.8	6,149.7	15,365.3
Commercial Credits	269.6	228.7	196.1	179.8	212.9	631.1	1,718.3
Other Loans	0	0	0	0	0	215.1	215.1
Total	1,992.9	2,065.1	2,299.7	2,026.5	1,918.7	6,995.9	17,298.8

### Dow Chemical Joins Limited Liability Corporation

25000725D Budapest HETI VILAGGAZDASAG  
in Hungarian 28 Apr 90 p 8

[Unattributed report]

[Text] A joint enterprise called Donichem Limited Liability Corporation was formed with a founding capital amounting to the equivalent of \$6 million, it was announced yesterday with some delay in Budapest by leaders of the new Hungarian-American firm. The company came into being late last year. They said that Dow Chemical owns 60 percent of the company, while Fuzfoi Nitrokemia holds 45 percent control, and Chemolimpex Foreign Trading Company a five-percent interest. Dow is the sixth largest chemical enterprise in the world, and the second largest in the United States. Its net profits amounted to \$4.2 billion in 1988. The new corporation will manufacture and sell materials made of extruded polystyrene foam. The plant will be established at Balatonfuzfo. Production start-up will cost the company an amount equivalent to \$14 million, and production will begin during the first half of 1990. Dow contributes 50 percent of the founding capital in the form of machinery and equipment. Nitrokemia contributes its existing plant valued at \$1.8 million to the company. The remainder will be paid in cash, just as by Chemolimpex. The company intends to finance the necessary reconstruction of the facility by way of a loan corresponding to \$8 million, but details of that loan are still being negotiated. Fearing environmental pollution, people at Balatonfuzfo received news of the new plant with reservation. One may count on further pointed debate in relation to this.

## POLAND

### Viability of Electricity Export Plan to Sweden Defended

90EP0583A Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 20, 20 May 90 p 4

[Article by Michal Wrzesniak: "More on the Cable"]

[Text] In the article titled "Cable to Sweden" (PRZEGLAD TYGODNIOWY No. 44/89) I described the concept of linking the power systems of Poland and Sweden by a power cable across the Baltic Sea, which will enable us to export current, i.e., replace coal, our traditional source of foreign exchange, with its processed substitute, electrical power. Receipts from the export and transfer of electrical power, the price of which may be almost three times the value of the coal necessary to produce it, would constitute the main source of financing and would guarantee repayment of credits drawn for modernization, restructuring and pollution control.

I also envisaged that we would initiate talks with Sweden, supported by the appropriate political authority, to enter into the necessary agreements and ensure the conditions for the implementation of these

agreements. The interest is mainly on our side and we should make haste because time and propitious circumstances may not always be working in our favor, while the poisoning and devastation of our environment is proceeding relentlessly with every hour.

My article did not go unnoticed. PRZEGLAD TYGODNIOWY recently renewed a discussion on the subject of exporting electrical power in an article titled "Coal Commands a High Price," written by Jan Danielewski. The author tries to prove that the export of current is not profitable. This, to me, is incredible. Already today, it is an indisputable fact that as a result of the disastrous economic policy conducted in relation to the power industry (extremely low prices for energy sold, lower even than the costs of production), the lack of money for repairs and modernization, the lack of foreign exchange for the indispensable import of technologies, and finally forcing coal to become the mainstay of our economy and favoring the anachronistic structure of the processing industries, the Polish power industry has become a beggar. It is only a question of time as to when it will fall apart completely. Even the recent price increases on electricity which went into effect at the beginning of the year and which were very painful for the public to accept, are insufficient from the standpoint of the economy, pollution control, and the correct calculation of costs.

The Polish power industry can be saved only by an inflow of money and modern technologies to replace or modernize worn equipment, the construction of new and modern power plants which do not pollute the environment, and reduction of operating costs. Huge sums of money are needed for these undertakings, at least a few billion dollars. Who is supposed to give this money, these technologies, machines and components? Where is the foreign exchange for import supposed to come from? Who will stop the clock so that the beggar does not become a corpse?

Will this money come from the state treasury, or will society give it in the form of a further several-fold increase in the price of electricity? Or will it come from the opponents of the export of electrical energy? They will tell us and show us how to obtain these few billion dollars and the power industry problem will disappear. But in my opinion, no one will give this money, and the power industry problems can be solved only by the industry itself. And it will do so, if it is not interfered with in this.

Under present Polish conditions, export of electricity instead of coal is just such a solution. This, contrary to appearances and the opinions which have not been completely thought through, does not mean a sellout of our natural environment and in no way does it undermine the importance of mining and coal as a source of foreign exchange for the country and the economy. If the export of current instead of coal could have been implemented earlier on a broad scale, along with the export of coal, our economic and ecological situation would be

completely different today. Unfortunately, it was effectively blocked. The sale of electric power is a much better, more efficient, and cleaner business for Poland than the export of raw coal and such energy-intensive and low-processed products as metallurgical products, cement, carbide, artificial fertilizers, or various semifinished products of the chemical industry.

How unsubstantiated and mistaken the opinions on the inadvisability of exporting electric power are, can be shown by a simple comparison of the "profits and losses" which we cite below.

Instead of exporting 1 million tons of coal to the FRG, for example, we deliver the coal to a power plant and sell the current to Berlin. We can obtain approximately \$100 million, which is almost \$60 million more than the coal sold to the FRG would bring. The production of current from 1 million tons of coal will increase the emission of sulfur dioxide from the power plant by about 15,000 tons. From the additional money received for the export of current we will be able to buy installations to enrich and clean the coal, thanks to which we can eliminate sulfur from 3 million tons of coal, or reduce by emission of sulfur dioxide by about 45,000 tons. At the same time, it will become possible to clean 7 million tons of coal of 20 to 30 percent of useless ballast, which is the ash in the coal.

Can it be said, therefore, that in exporting current we are only producing pollution for ourselves and exporting a clean product, when the exchange of coal for electric power allows us to obtain money to undertake investments without burdening the state budget? Is there another more profitable transaction which, like the export of electric power instead of coal, will allow us in 4 years to get enough money to build installations eliminating 800,000 tons of sulfur dioxide from the air over Poland? I maintain that until we develop the production of highly processed products in our country, of suitable quality, which we can export in order to obtain the indispensable foreign exchange, the best solution will be to replace the export of raw coal with the export of current, while at the same time reducing the export of energy-intensive, low-level processed products. This combination will allow us to keep in our country all of the foreign exchange profit resulting from the processing of coal to a product with higher use parameters and will prevent the waste of electrical energy in obsolete and inefficient technological processes.

In exporting raw coal, we were giving all of the profit to foreign countries and the entire net income to those which processed it into current and then sold it back to us in the form of highly processed goods at a price many times higher.

I maintain that the Polish power industry can begin to export current without loss to the economy, on condition that this occurs relatively quickly before equipment failures become more frequent, i.e., before "the beggar becomes a corpse." Allocating 1000 MW of power

capacity constitutes less than 3 percent of the national power capacity and this amount is of marginal significance. It is within the limits of the error connected with the probability of failure occurrence, and therefore meets the criterion of justified risk.

However, the opportunity, or lack of it, to obtain additional foreign exchange amounting to \$200-250 million a year, is important to the Polish power industry, and thus to the economy. Anyway, the Polish economy has no alternative or reserves besides power capacity and coal, and no one is going to create other opportunities for it, either now or in the future. Furthermore, forecasts on the demand for electrical energy show a downturn trend caused by restructuring processes and stabilization of consumption during the interim period—at least a few years. We should take advantage of this unique opportunity before the demand for electrical energy goes up again.

Meanwhile, restructuring of the processing industries and modernization of the power industry and mining so as to clean the coal, will allow us to more than make up the losses in capacity allocated for export. That is precisely why we do not have to build new power plants now in order to export current. And in a few years we will have to build them anyway, regardless of whether we are exporting current now or not. It is a fact that development is predicated on growth of the power industry potential. If export of current is really as unprofitable as Jan Danielewski attempts to show it is, there would be no contracts and no exporters of electrical energy. Naturally, the most important parameter is the price we are able to obtain from the purchaser. I do not intend to defend the contract for the export of current to Austria, nor the justifiability of the price obtained at that time. Let those who entered into the transaction make this defense. But even a cursory comparison of numbers, from the data cited by Danielewski, shows that the sale of current brings almost twice as foreign exchange for the country as the export of coal, from which the same amount of energy can be produced. The calculation of costs to produce electrical energy, (by the Polish power industry), as presented by the author of the article "Coal Commands a High Price," is a complete surprise to me. If the present cost of producing current in Poland is really 4.7 cents per 1 kWh (as the author has calculated), then the subsidies from the state treasury would have to amount to about 30 billion zlotys this year. This is impossible, because the budget does not provide for such subsidies.

Is the author's assertion that "export of current to Austria produces only losses" substantiated? I simply do not understand why the author believes that we would get no more than \$20 for 1,000 kWh for electrical energy exported to Sweden. What is his basis for such a statement? After all, we have not even signed a contract and the terms of the transaction still have to be negotiated with the purchaser. I believe that obtainment of a price of about \$50 for 1,000 kWh of exported electrical energy is possible and justified. This price, despite everything, is



lower than the unit costs of producing power from coal-fired power plants operating in Western countries and for this reason it should be interesting and favorable to potential purchasers.

Linking the Polish and Swedish power systems by cable (if this were to happen) would open a new chapter in the history of Polish-Scandinavian economic and political relations. It would constitute the foundation of a North-South political and economic axis. The advantage of the cable is that current can flow in both directions, and we are not concluding a contract which goes on forever.

## YUGOSLAVIA

### Impact of Bankruptcies of Slovene Firms

90BA0156B Belgrade POLITIKA in Serbo-Croatian  
3 Jun 90 p 10

[Article by M. Laketic: "Are They Going Bankrupt in Order To Fire Southerners?"]

[Text] Ljubljana, 2 July—On the basis of information from the Public Auditing Service [SDK], last year in the Slovene Republic 849 economic legal persons operated with losses that amounted to 4,224,219,000 dinars. These enterprises operating in the red employed a third of all those employed in the economy. Since the beginning of this year, the number of 849 enterprises showing losses has begun to increase enormously, especially in production work organizations (wood processing, construction, metallurgical enterprises, etc.), in which most of the employees came from other republics.

No one has ventured yet to say what fate awaits the 5,600 employees of the Jesenica steelworks. Also, the fate of Elan is not yet known, except that it is known that it has gone bankrupt. Well-informed people say that now, in addition to Maribor's Marles, it is also the turn of several other wood processors, which cannot be saved. The wave of destruction has not only affected Iskra's Ljubljana complex, but also the Kranj one.

### 130,000 Workers in Danger

No one is providing the data, either at the Slovene Economic Chamber or the republic SDK, under the pretext that they are a commercial secret. The SDK is only prepared to announce general data, but even those are catastrophic by themselves. It was thus learned that Slovene production has been declining, that from January to April an average of 238 enterprises were operating with blocked transfer accounts, and that 130,000 workers were directly in danger.

In addition to this fact, the Slovene Economic Chamber, in its bulletin GOSPODARSKI VESNIK, presents the fact that during the first four months production declined from month to month, in comparison with the same period last year—by five percent in January, 8.3 percent in February, 12.9 percent in March, and 13.2 percent in April.

Among the shocking information about relations at Elan that has come from the circle of Elan's creditors is the assertion that the "measures taken by Elan's leadership, which piled up the Begunj enterprise's debts, were carefully prepared, and represented a textbook example of how to destroy the Yugoslav economy! The claim by the republic SDK that for the last few years it did not even know what was going on at Elan is a lame excuse."

The trademark on Elan's products was the trump card that gullible creditors from all over Yugoslavia "clung to." The latest facts that have come to light after 10 days or so of the visit by internal affairs authorities and the SDK at Elan indicate that Elan has surpassed Kladusa's Agrokomerc. Its debts have reached half a billion marks.

Its "funeral list" even included Bankos, the Pristina Basic Bank, which is seeking to have 7.1 million dinars repaid to it. With the former Belgrade Bank, which changed its name to the Commercial Mortgage Bank, all 182 million dinars have been collected, while the Senta Agroindustrial Combine is in vain requesting 30 million dinars.

### Who Is Behind Elan

The Titograd Bank, JIK [Yugoslav Export and Credit Bank], the Dunaj ZOIL [Association for Property and Life Insurance], and the rest of the creditors will hide, if they get anything, and comfort themselves that they could have fared even worse. The most unhappy is the Belgrade Bank of Ljubljana, which became illiquid because of the 225 million marks it loaned (although it is unofficially claimed at that bank that the debt is considerably larger), and because of its illiquidity, the fate of its 29 founders, which employ about 5,000 people, is completely unclear. That is why Lojze Skok, the director of that bank stated before he went into the hospital because of his sudden and abrupt poor health: "I have been suspicious about Elan's final accounts for the last few years. As a creditor, I will demand that someone be held accountable for this."

The suspicion that someone was behind Elan was also confirmed by Marija Kralj of the SDK, who stated that Elan's final accounts had not been reviewed for the past five years. No matter how much Director Skok justifies himself now by saying that he was not acquainted with Elan's operations in previous years, he is being seriously criticized by his bank for approving the loans to Elan at the end of February, which, as he says, were not small ones.

The same source states that Lojze Skok nevertheless knew something, because he met with Dr Janez Drnovsek while the latter was president of the SFRY Presidency, and begged him to intervene with Prime Minister Markovic to have the Federal Agency for Bank Rehabilitation increase the allotment of money for assistance to banks.

We are convinced from reading the bulletin of the Slovene Economic Bank that Lojze Skok did meet with

Drnovsek, which he has not publicly admitted to date. It could be said that two intentions lie in the background of everything that has been happening in recent months in connection with the bankruptcies of Slovene enterprises: that enterprises easily get rid of their creditors, and of their surplus labor force, which is usually from the south.

### Statistics on Foreign Currency Reserves Misleading

90BA0156A Belgrade POLITIKA in Serbo-Croatian  
3 Jun 90 p 10

[Article by Rodoljub Geric: "Heavy Strongbox on Shaky Legs"]

[Text] Virtually not a week passes without officials informing us of some delightful news: Yugoslavia's foreign exchange reserves are still growing—6, 7, 8, 8.5 billion dollars, and even more is persistently flowing into what one might call a bottomless strongbox. Instead of constantly rejoicing that every day in every way we are getting better and better, however, we have also heard some awkward questions, especially recently. Where did we get so much foreign exchange, and what will we do with it in that form and in that amount?

Undoubtedly, it is fairly difficult to answer such easy questions with complete certainty. Perhaps the simplest thing in all of this is comprehending the desires of the federal government. The convertibility of the dinar is precisely what it adopted as the basis of its program, and in order for any currency, including ours, to be that solid, it must be solidly backed by foreign exchange bricks [sic]. This is because, in addition to having a psychological effect, the foreign exchange is continually threatening some other actions, for instance, if it is used to import goods that are becoming indecently expensive on the domestic market, and thus beginning to jeopardize the anti-inflation policy—and the dinar exchange rate.

### Statistical Error Amounting to \$1.6 Billion

Nevertheless, expert circles reason that foreign exchange reserves in an amount sufficient to cover import requirements for three months would probably be a quite sufficient guarantee. We, however, currently have reserves at least twice as high. The solution to the enigma of the sources of such swollen reserves is probably also hidden in the answer to the question of why that is the case. Many experts, in fact, are expressing suspicion about the quality of the methods through which they even occurred at all.

First of all, it is really worth noting that almost half of our foreign exchange reserves originate from the act of rescheduling our foreign debts. Consequently if there had not been such a postponement, our reserves would be cut almost in half. Furthermore, one should not forget that even though we still have the money on hand, this is still a debt that will have to be repaid someday.

If we add to this the recent calculation by Dr. Radovan Kovacevic that we cannot exactly count too much on about another \$2 billion, then it may seem to us that the lovely dream of fat foreign exchange reserves has actually dissipated before our very eyes. Dr. Kovacevic, specifically, concluded that something strange happened in the capital portion of the balance of payments, i.e., that the growth of the foreign exchange reserves was "over-recorded" by about \$1.3 billion for two months, and that these reserves occurred through purely financial transactions.

Recently the officials also admitted that the Yugoslav economy, pressured and exhausted by its shortage of money, was resorting to certain actions that one cannot boast of: maximum postponement of payments to foreign suppliers, and taking money from buyers abroad even before goods have even been shipped. All of this enters into the so-called transitional items, which are still called a statistical error in the West, and which, by the way, amounted to \$1.6 billion last year.

One should also add to this about \$400 million that is not ours by any means, since it is the property of foreign banks. We are using it, of course, and paying adequate interest on it, but the problem is that these funds cannot be relied upon as stable either. The foreign owners can easily take them out of our accounts whenever they need to.

### Earnings From Frozen Exchange Rate

The list of possible factors in the foreign exchange reserves that we are so proud of is far from being exhausted by this. For instance, we know what happened last year. Because of the inflation and economic insecurity in Yugoslavia, the "economic entities" and their banks did everything possible to postpone bringing foreign exchange onto Yugoslav soil. When the situation stabilized, this foreign exchange rushed back. It is also well known that a quite substantial foreign exchange "influx" into the reserves also came out of mattresses. That does not mean that this was not real money, although in slightly crumpled condition, but the question is how much we can count on it in the future. As people have become impoverished, mattresses have become emptier and emptier.

It is likewise certain that some foreign exchange came here from abroad out of pure speculation, and that as soon as it shows a yield it will very quickly return abroad. This has to do with those transactions through which foreign exchange is officially replaced by dinars in banks here, and dinars earn interest at an attractive rate for a period that cannot go beyond 1 July. As soon as it expires, the dinars will turn into foreign exchange again—at a frozen exchange rate.

Of course, other reasons can also be sought for this year's swollen foreign exchange reserves—for example, the conversion of stronger currencies into the weaker dollar and others. Even this much, however, is probably enough to understand why the federal government has recently been announcing a halt to the growth of the foreign exchange reserves, and why it has been extremely reserved about the proposals that part of this money be

used for development—because very little of all that foreign exchange is left that is reliable.

This, naturally, does not eliminate the responsibility of those who are responsible for an adequate yield on that

capital, because it is completely harmful for the country to keep foreign exchange in foreign banks (and finance foreign economies), even though in return it is obtaining interest that is not higher than the rate at which we are rescheduling our debts.

## GERMAN DEMOCRATIC REPUBLIC

### New Youth Study Institute Founded

90GE0119B East Berlin BERLINER ALLGEMEINE  
in German 18 May 90 p 3

[Interview with Dr. Helga Gotschlich, head of a research team attached to the Institute for Research on Contemporary Youth by Sybille Nitsche; place and date not given: "Between Denial and Readiness to Leave"—first paragraph is BERLINER ALLGEMEINE introduction]

[Text] On 18 April 1990 the institute for contemporary research on youth at the Academy of Sciences of the GDR was founded, to which the interdisciplinary task force "History of German Youth in the 20th Century" is attached. We spoke with the historian and directress of the task force, Dr. Helga Gotschlich.

[Nitsche] What do you see as the purpose and need for your institute, particularly in view of the fact that the Central Institute on Youth Research exists in Leipzig?

[Gotschlich] That institute has five heavy steel closets full of files. These 400 studies are only capable of saying, as politicians in our country want said in the area of research on youth, which questions are permitted, how critical tendencies were evaluated, or rather, how policymakers dealing with the young dealt with them, and what the young have put up with. That's a question that interests me in particular.

We want to undertake contemporary youth-related research from the standpoint of coming to grips with the past, the present, and the future, and, above all else, there is one point we do not want to lose sight of, and that is that history was and is made by human beings. That may sound simplistic, but that's something that has slipped away from the historians.

The social relevance of contemporary research on youth for me is the differentiation that has always existed among our youth. For example, there are those who don't give a damn, others who offered opposition from their quiet niches or from the protection of the Church, or those who got used to not thinking about themselves, those who simply functioned, or those who internalized what they were told and were happy. Incidentally, they are the saddest ones for me. Another necessity, specifically in the case of the task force—has to do with the youth movements that are springing up out of the ground in our country like mushrooms. We want to call everyone's attention to their roots, their traditions, and origins. In the Weimar Republic, for example, there were 1,200 youth organizations. All that was ever presented was the history of the Communist Youth Movement in connection with the history of the FDJ [Free German Youth].

[Nitsche] Where do the points of focus in the institute's work lie?

[Gotschlich] Youth in the turmoil of the collapse of a system, for example. By that I mean comparative research of living situations among the young at turning points, such as 1933, 1945, 1989/90. Or studying the processes of socialization, indoctrination, disenfranchisement, gathering them in, bringing them into line, and mobilizing the youth by means of the prevailing national, economic, and party bureaucracy in the era of National Socialism, and in Stalinism in the GDR, but we also want to address the problem of dealing with youths who are not willing to be integrated.

[Nitsche] How do our young people feel at the present time?

[Gotschlich] I conducted a poll in February in which I asked young people whether they have had to adjust their picture of the West since the wall came down, whether they believed they would have to undergo personal changes as a result of Germany's reunification, and whether they are experiencing anxiety about the future. More than 6,000 letters have come in. I have a feeling that those who responded were those who perceive the present situation as a particularly painful one, one that is fraught with questions: How can I protect myself from what is now happening, something I cannot deal with? People have been in tight spots before; this is just another one of those times. In the last analysis, they would like to be as they are, but will that be possible in a new Germany? The youth do not want to have another homeland dictated to them. These are particularly explosive issues, and to be sure, they are not just limited to our young people. In my work at the roundtable, I have encountered activist youth, and I would like to know whether they reflect the present situation so accurately.

[Nitsche] Do you see any particular dangers for the youth of the GDR in the reunification process that is taking place now?

[Gotschlich] They will not be spared experiencing the humiliation of being on the losing side. And it is quite natural that the people who have such experiences would like to brush these humiliations aside, and this, in turn, can quickly assume the guise of racism, chauvinism, or anti-Semitism.

### Cultural Uniqueness, Survival Examined

90GE0119A East Berlin BERLINER ZEITUNG  
in German 12-13 May 90 p 9

[Interview with GDR Minister of Culture Herbert Schirmer by Dr. Volker Mueller; place and date not given: "GDR Culture—A Splendid Dowry for the European House"—first paragraph is BERLINER ZEITUNG introduction]

[Text] In office barely four weeks, the GDR's new Minister of Cultural Affairs Herbert Schirmer sees himself confronted by a number of our country's grave

concerns, but there are alarming signs of cultural disintegration that are easily overlooked in the turmoil surrounding economic and monetary union. The GDR Artists' Protective Association, the Academy of Arts, and the Union of Art, Culture, and the Media, warn against the loss of self-esteem and historical and social orientation that would be associated with such cultural decay. They appeal to the Ministry of Culture to fulfill the state's cultural obligation not to permit a cultural sell-out and downfall. BZ [BERLINER ZEITUNG] had an opportunity to talk to Minister Schirmer about these moving issues.

[Mueller] Minister, in your view, what should be done with our as yet distinct GDR cultural dowry as we advance toward the German unity that stands before us, and as we move into the European house?

[Schirmer] The process of cultural unification certainly cannot proceed at quick march tempo. As I see it, it will take a year or two, and on the one hand, it will be easier, and on the other, more complicated to achieve than unity in the economic area or any other area. For, in no area other than culture is there a quality that has been given the dubious distinction of being called a GDR identity that separates us from the other German state. Without a doubt, in these 40 years, we have brought forth an independent culture and art that bear the individually distinct imprint of the influence of the social conditions in the GDR. I don't think these four decades can be summarily dismissed with a smile as a short-lived period in our history. We in the Ministry of Culture regard this period as an important stage in the development of German culture and art in the 20th century. We have every reason to bring this invaluable treasure with us, with its head held high as an equal partner to what has taken place in the Federal Republic as we move toward a united Germany and into our European home.

#### Turning Once More Toward Real Artistic Issues

[Mueller] You are aware of the fact that those artists who paved the way intellectually for the great change are now being affected by a certain degree of resignation that perhaps too much of this treasure could be irretrievably ground away between the elbows of the market economy, aren't you?

[Schirmer] Yes, that is a phenomenon that is worthy of due consideration: the spiritual outriders of the peaceful revolution of the autumn of 1989 who made a more clear-cut contribution toward the democratic changes than the others, performed, in large measure, the function of the politicians and journalists of the past. Incidentally, that was the result of the increasing political accent of the GDR's art in the last few years. Now, politicians and journalists are once again on the scene, and they have given a great deal of thought to their proper function under conditions that have been democratized. The artists have been edged out to the sidelines of developments in these matters, and they have been

made to feel less secure. They are now confronted by the task of coming to grips with the true questions of art, thus making readers or spectators capable of enjoying their works.

But at the present time, the artist's insecurity within the society seems to me to be primary. The risks posed by market mechanisms that take up a great deal of space are definitely indicated. For this reason, we in the Ministry of Culture have given a great deal of thought to the question of how we can make the transition of the cultural fusion of the GDR and the FRG as harmonious as possible for those who create our art and our culture, so that there is not an abrupt break "planned economy today—social market economy tomorrow." Both models have their advantageous and problematical effects on the creation of art: one is the well known, to some extent negated model—a network of promotion and social support for many artists involving a commission system, the involvement of industrial plants and institutions to varying degrees. The other is the model—incidentally, one that is anticipated with some trepidation that is not entirely unfounded—of the future art market in which, as a matter of certainty, fewer compromises will be made.

With the necessary degree of self-awareness, we take the view that much that was tried in the 40-year history of the GDR is worthy of being kept. The economic, monetary, and social union one hears so much about needs, in our view, a fourth dimension that we would like to designate the cultural union. Under the present conditions, it can no longer be a part of the State Treaty, but we proceed from the basic assumption that as a result of deliberations with the federal ministers of culture, a rider will be added.

#### Stones in the Mosaic of European Culture

[Mueller] Regardless of what the centralized, administrative provisions were: the East German state brings historically new experiences with it, in terms of contacts with the cultures of East Europe and Asia, into a unified Germany. Just think of the tradition of mutual cultural exchanges....

[Schirmer] An important aspect, particularly since, as I see it, in the upcoming merger of the two German states, European culture will be affected. As the still existent GDR, we have a particular task with regard to transmitting the tradition and the present situation of the artistic and cultural creations of East Europe. We expect the FRG to do an adequate job with regard to the cultural achievements of West Europe. At the conference of European ministers of culture that recently took place in Palermo, and in which I participated, there was talk of the "mosaic of European culture" that should come into being from pieces of the various national cultures, one that will be on an equal footing.

As a result of being integrated into East Europe for a period of 40 years, our cultural identity has a different

character, with other expectations, postures, even different underlying moral values from the givens of the comparatively clearer commercialized scene in the Federal Republic.

But, of course, very practical, existential questions are pressing in on us now: four task forces in my ministry have begun to explore modes of support for the unemployed in the cultural sphere (even for free-lance artists), to deal with insurance, and financial support for the aged, as well as a system of honoraria that would be more in keeping with the new market conditions.

[Mueller] With the advent of the federalist state structure, authority for cultural affairs will pass to the states, and the authority to judge cultural affairs on the municipal level will increase. There is consensus to a large degree regarding the democratization and enriching effects, but does a new degree of parochialism accompany them?

[Schirmer] To put it fairly, I think that the people are anything but narrow-minded. Of course, we encounter such overblown reactions from time to time—and, if you take 40 years of partition of the nation into account, it's all quite understandable. Of course, we are going to do more than just animate the people to drag their native costumes from their trunks, dust them off, and develop a culture based on the trumpet and the kettle-drum. Federalism should not be taken as a challenge to be narrow-minded.

Of course, it is quite certain that in the Laender there will be a rebirth of significant regional traditions that have something to do with pride and satisfaction with the land of one's birth, and that can become a motivation to stay. What we want to achieve is the development of the widely diverse everyday culture, and as we do so, we want to dismantle the visible backwardness of the neglected north as opposed to the "Showcase South."

Yet it is important that in the next months, and I consciously avoided saying years—the municipal politicians recognize the value of art and everyday culture under the conditions of the social market economy. The working processes will be intensified and technologized at a fast pace. I believe aesthetic equivalents will be called for to promote the components of what it is to be human—such as individuality and creativity.

[Mueller] As long as the municipalities are still lacking the bare necessities in terms of infrastructure, as in health care, or construction, and as long as professional taxes do not flow into the municipal coffers, a cultural finance plan from the government will probably have to take up the slack, won't it?

[Schirmer] There are some ideas out there, but they seem to be able to take shape only in the form of a joint venture with the Ministry of Finance, in much the same way, incidentally, in which the Ministries of the Economy and Social Affairs must approach the Ministry of Culture. The Declaration of Government by Lothar de Maiziere says quite clearly that art and culture must be protected and

subsidized, and, taking our cue from our prime minister, we want to strike while the iron is hot.

[Mueller] Do the de Maiziere cabinet and your ministry feel committed to the cultural duties of the state, which are rooted in the resolution passed by the previous Peoples' Chamber on 6 March of this year regarding the protection of the GDR's culture?

[Schirmer] In broad terms, we feel bound to uphold this resolution, because it formulates a basic humanistic underlying premise. I do believe that the preservation and the value of art and culture should be firmly set down for those in power, and perhaps not only in the sense of responsibility on the part of the states. I still hold, as I always have, the opinion that in future, there should be, a central office that should govern over supraregional, international processes without regulating them, which is the situation we had before.

I doubt that those who would be responsible would find the proper home in some future, pan-German Ministry of the Interior. I plead a case for independent disengagement because this sensitive sector requires its own coordinating forum based on a partnership.

[Mueller] Are you talking about high-brow culture and/or alternative basic culture? Would the new minister establish priorities? Will the alternative scene experience nonprejudiced support, even though, in large measure it maintains a position that is either oppositional or adversarial with regard to the established social and cultural operation?

[Schirmer] I think we have 40 years of positive experience behind us in that regard: culture that finds itself in a position contrary to that of the installed system withstands the contradiction and makes it visibly socially productive. That is not something "one can afford to provide," but something a democratic society needs. Basic culture should therefore not be suppressed in favor of the more carefully selected high culture. Both should come into closer contact with one another; the one should no longer serve a representative function, to illustrate or to serve as a self-representation of a political system, no matter what the nature of that system might be. What is at issue is artistic freedom, the pluralistic expression of art and culture in all its heterogeneity.

[Mueller] Not long ago, the B.A.T. cigarette factories in Hamburg, which have long been known for their active sponsorship activities, sponsored a series of East-West talks in West Berlin on the question "Quo vadis, GDR culture?" Experts from the fields of politics, economics, science, art, and culture discussed the possibilities of cultural sponsorship of cultural activities in the GDR on the part of industry. Everyone agreed that purely for reasons of democratic morale in art, this kind of sponsorship should not supplant the support from the public coffers. The former West Berlin cultural Senator, Dr. Volker Hassemer admitted that it was precisely this state sponsorship of culture in the GDR in the past that served as a great challenge in the West to seek out its own means of financing culture. Will the sponsors now move in on us?



[Schirmer] I know that in future we shall not be able to pursue a policy of subsidization solely from public funds. Our economic situation would not lend itself well to such a state of affairs. We have to find forms of "not only this, but also that." Of course, sponsorship influences should be directed not only by the interests of a firm, they should also be channeled in other directions. We would like to direct them, as a matter of concern of the highest priority, toward the preservation of endangered buildings, such as, for example, the New Museum in Berlin, the Albrechtsburg in Meissen, the castles in Schwerin and Dresden, the State Museum in Weimar. Sponsorship activities could also extend to the support of cultural institutions. I agree wholeheartedly with Dr. Hassemer that we have to make our own wishes felt. Indeed, some of our experiences could be useful for the FRG as well.

[Mueller] Left solely at the mercies of the market economy, the GDR's lyric poetry, documentary films, theatrical, and musical culture would soon be no more than a historical legend. Does the ministry already have concrete plans that would save the day?

[Schirmer] It is clear that all these areas, up to and including clubhouses for the youth with their high moral standards, cannot exist without the state's financial and moral support. Please understand that I have been in office for too short a time to be able to go into the details, but one thing is certain: premature closures of cultural institutions are phenomena that proliferate all too readily, and they are not the desire of the government.

[Mueller] That brings us to the particularly touchy point of the so-called "double structures" in the East and the West, which, according to the proclamations from the Schoeneberg Town Hall, will be eliminated to the detriment of the East.

[Schirmer] As fantastic as it may sound, I do not think that a city like Berlin can have enough theater with as many different conceptions as possible. Or, let us take the two Academies of the Arts as an example. At the present time, I see a necessity for both. I believe that, given our 40 years of cultural history in the GDR, we need our academy in order to preserve the autonomous side of this development as a document for the culture of all Germany, indeed, of all Europe, and we need to process it in a scientific manner. New forms of cooperation will develop. Therefore, I plead for the preservation of our institutions.

#### What Counts Above All: Competence in One's Field

[Mueller] As a CDU [Christian Democratic Union] politician, you are replacing the PDS [Party of Democratic Socialism] politician, Dr. Dietmar Keller. As you see it, do the points of difference that exist between you predominate, or do you stress the continuities?

[Schirmer] There is continuity in the broader work—and there are breaks. Paying greater attention to everyday culture is one such break. Dr. Keller is not a very good example for pointing up deep-rooted differences. He is a man who, in the three months of his tenure, did so much

to further the cause of democracy in cultural life and within the ministry, so that I can continue in the same tradition. We maintain loose, but good ties.

As far as membership in the PDS or the CDU is concerned, as I see it, at the present time the primary questions that concern us are factual questions, or rather, to be more precise, factual compulsions. It is difficult for everyone, even for me. This many-sided object, culture, overlaps party lines in its treatment. It is a question of a very basic characteristic of being human. After the autumn revolution, which was brought about by many forces, I would think that cultural policies that were differentiated along party lines within the ministry as well as outside it would be very risky.

[Mueller] Let me ask a biographical question. What path led you to the minister's chair?

[Schirmer] Let me go backwards in terms of my biography. When I was offered this position two days before the government was formed, I had just become State Chairman of the CDU a few weeks earlier in Brandenburg; before that, I had been district Chairman in Frankfurt an der Oder since December 1989. Prior to that, there was some academic activity at the Department of Fine Arts in the State Art Collection in Cottbus, freelance work as an art historian, publicist, and theater critic for various newspapers and magazines, and work in the Publication House of Art in Dresden. I studied journalism, and I was the editor in chief of a cultural and political journal I founded in Dresden that was banned in 1976 after two issues.

Even in the familial sphere, there is something akin to cultural and professional involvement and harmony. My wife does restorations and holds a diploma in sculpture, and until recently, I sang in the Lieberose church choir. I originally applied for the position of Land minister of culture for the Land of Brandenburg, and I still consider that a possibility.

[Mueller] Do you think you will be the GDR's last minister of culture?

[Schirmer] Yes.

## POLAND

### Pollution in Upper Silesia: Effects on Children Examined

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pp 78-83

[Article by Burgi Czeitschner: "Where Babies Have To Die"]

[Text] Poland in figures:

- Surface area: 312,677 km<sup>2</sup>, 34 percent of which is forested (one-third of which is damaged)

- Upper Silesia: 2,370 km<sup>2</sup> (the entire forested area—200,000 hectares—is sick)
- Population: 38.3 million (Upper Silesia: 2.5 million)
- Warsaw: 1.6 million (Katowice: 363,000)
- Urban population: 60 percent
- Per capita SO<sub>2</sub> emissions: 130 kg per year (Austria: 25 kg)
- Sulfur exports to Austria: 17,000 metric tons
- Per capita nitrous oxide emissions: 56 kg per year (Austria: 32 kg)
- Life expectancy at birth: 66.8 years (men), 75 years (women)
- Mortality rate in 1987 (deaths per 1,000 inhabitants): 9.8 (Austria: 11.0)
- Infant mortality in 1987 (per 1,000 live births): 17.4 (Austria: 9.8)

The discussion at the rectory of the Upper Silesian parish of Miasteczko Slaskie is having trouble getting underway. Through the window can be seen the enormous smokestacks of the local lead and zinc plant that have been belching smoke since 1964. The Polish Pope looks down over the shoulder of the taciturn priest—from an oil painting on the wall. Father Pawel Laby suddenly takes a deep breath and picks up a thick, large, brown ledger: the death registry of his parish of 3,000 souls. He begins to count: "1964: 22 deaths. Some 10 years later: 37 deaths, six of which were cancer cases. 1978: 40, of which five were children (2 stillbirths, 1 oxygen deficiency, 1 premature birth). 1982: 50 deaths, again including five children and nine deaths from cancer. During the previous year 63 people died, as many as 19 of them from cancer."

Pawel Laby shuts the death registry: "It is obvious that the smelting plant is poisoning the people. It is difficult, however, to explain to those people that a human being is more important than production." His intercession with factory management in opposition to the incessant menace of the unfiltered poison time bombs have availed little thus far, though the oldest part of the installation, which is among Poland's largest, was shut down last year. "For economic reasons" the priest explains, "not because of the danger to people."

Jan Makiela, the technical director of "Huta Cynku," apparently passed his public relations course with flying colors: "We have the most modern technology. Our gaseous emissions are within the norm—only in the case of lead are threshold values exceeded." Nonetheless, again this year his combine had to pay the annual "fine" to the populace of Miasteczko Slaskie. The people of the area are "compensated" for the continuous rain of pollutants from the lead smelter with about the equivalent of 300 Austrian schillings. One single resident refuses this money: Father Laby, whose garden is located at the edge of the "dead zone" of Miasteczko Slaskie.

The ordinary workers in the lead smelter earn no more than 800,000 zloty per month on average. According to the present exchange rate, that is about 1,000 Austrian schillings. Supplemental family allowances are already

included in this amount. Only people who work on weekends or nights on the four-shift system can reach 1 million zloty per month. The women who work in the smelter earn half as much as the men at most—equal rights for women, communist style—which the new Solidarity works council chairman thinks is just fine: "What is unjust about that?"

In the hospital at Gliwice, 25 km from Miasteczko Slaskie, there is harmony between the sexes. There are only cancer patients here, distributed throughout four floors. The hospital has long been too small. The patients have to lie in rooms with eight beds. Krzysztof Rytwinski, the oncology infirmary's surgeon, looks at the skeleton of a building outside his window: "The new hospital was supposed to have been finished two years ago. Construction had to be interrupted, however, because there was a lack of money." In the meantime, the skeleton is ready to be torn down—wind and weather have almost destroyed it already.

The surgeon, who can look back on 25 years of experience in his profession but must still get along without a telephone at home, has been observing for some years a "dramatic rise in tumor diseases." Krzysztof Rytwinski cites the dust which is full of pollutants of every kind as one of the most critical carcinogens. "According to the WHO (World Health Organization), the norm is 22 micrograms per cubic meter. In Gliwice we have an average of 212, and in Katowice it is 208 micrograms." The doctor also cites extreme values for the carcinogen benzo(a)pyrene (a polycyclic hydrocarbon). The norm is 10 nanograms per cubic meter—in Gliwice the readings are 92, and in Katowice 98 nanograms.

Katowice, Bytom, Gliwice, Chorzow, Zabrze—Kattowitz, Beuthen, Gleiwitz, Koenigshutte, Hindenburg. The former Upper Silesian industrial region is called Gornoslaski Okreg Przemyslowy (GOP). Some 98 percent of Polish hard coal is mined within these 2,370 square kilometers (approximately half the area of the Ruhr). Every year nearly 200 million metric tons of coal is mined—mostly underground.

A living room in Katowice, 11th floor, a view of this city's out-sized independence monument. It is shortly after 2000. Borscht has just been served, and the plates on the dining table suddenly begin to rattle. What causes the guest from Austria to freeze as if he were in an earthquake, is a part of daily life here. "Those are the underground coal pit holes, they simply collapse all the time. A reading of five on the Richter scale is quite normal here" the man of the house explains placidly, enjoying his soup.

In Gorny Slask—Black Silesia—there are 3,000 industrial installations. There are presently 60 coal and non-ferrous metal mines in operation, and in addition, there are 18 iron and steel foundries, seven nonferrous metals plants, eight large-scale and 40 industrial power plants, 30 chemical plants, and 80 machine construction works. One-half of Polish steel and half of the country's energy

is produced here, and almost 20 percent of all of Poland's industrial products come from the GOP. "Here the technically-interested tourist can experience the blast furnaces, the belching smokestacks, and the factory milieu, or watch the steel being tapped" it says in the Polyglot Travel Guide, 13th Edition, Munich 1989/90. Teutomania instead of any reference to the truly breath-taking pollution of the environment of this region: "The visitors to Upper Silesia will encounter the unique dialect here with its many German loan-words, as well as the old traditions, costumes, and songs."

Whoever travels through Upper Silesia paying attention to the environment will learn that more than one-third of the total particulate emissions in Poland are let into the air around Katowice. Some 40 percent of this country's gaseous emissions come from the GOP, as well as 60 percent of its industrial waste—almost entirely highly toxic special waste which needs to be monitored.

Irina Norska-Borowka knows what that means for the nearly 2.5 million people who have to live in the Polish industrial heartland. For more than 20 years the director of the children's clinic in Zabrze has been observing the effects of environmental pollution. The physician does not mince words: "The mortality rate of people in general—and above all that of the children—is closely related to the ecological disaster that the communists have given us over the past decades. The polluting of the air, the soil, and the water exceeds the norm. Approximately 1.5 million people live here under health-threatening conditions."

In Katowice Province, 24 babies out of 1,000 die during the first year of life—in Sweden, the figure is six. The rate of premature births is around 20 percent (in comparison: in the Most region of northern Bohemia it amounts to 12 percent), and every fifth child is born already sick—often enough with the most serious handicaps. Only 60 percent of the handicapped babies survive the first three months of life. The rest have to die because their respiratory tracts are defective or because they were born in an extremely anemic state or with rickets. The physician comments on her statistics: "There are no really healthy children here—every child is carrying around a burden of pollutants that you cannot even imagine. Sometimes you just shudder."

In Zabrze, where all the readings are highest, every second child is suffering from a chronic illness and is experiencing developmental problems. More than 60 percent of the six-year-olds are ill; in the group of 10-year-olds, over 70 percent are quite ill, and nearly 60 percent of the 14-year-olds require medical attention. Half of the 18-year-olds of Zabrze are ill or at risk. In Katowice Province there are more than 35,000 children who already either have chronic problems or must be regarded as patients at risk. More than one-third of these children suffer from irreversible damage to the locomotor system, as well as from permanent illness of the nose, throat, and respiratory passages. Nearly 50,000 children have psychomotor disturbances.

Last year the teeth of 266 children were examined at the Zabrze children's clinic: The concentrations of lead, cadmium, zinc, copper, and manganese exceeds all norms, according to the physician. Worrisome too, is the increase in the incidence of diabetes among this region's youth: "Every year there are at least 70 new cases of diabetes."

The serious pollution of the environment also has an effect on the adults. Apart from the fact that every pregnancy in Upper Silesia becomes a risk for mother and child as early as the third month, more and more people have to die earlier and earlier. Irina Norska-Borowka sums up her working conditions: "We have too few doctors, too few beds, and too few medicines. We have more than enough patients, and their numbers are ever growing."

Bernard Blaszyk, director of the Katowice Province Environmental Affairs Office, shrugs his shoulders. In an almost apologetic tone he says: "We have only attained four percent thus far. More is not possible yet." What does he mean by that? Attempts have been under way for a year in the Katowice area to reduce the emissions of sulfur dioxide, heavy metals, and hydrocarbons—for the first time. In contrast to North Bohemia in Czechoslovakia, there is a whole series of international aid offers to at least make initial attempts to get the enormous burden of pollution under control in the Upper Silesian industrial area. Sweden, in particular, has made strong commitments to the GOP because Upper Silesia is precisely the location where most of its pollution originates. Last October the government in Stockholm voted to promote environmental protection in Upper Silesia with the equivalent of 700 million Austrian schillings. Finland as well has offered the Poles an assistance package of 420 million schillings. About \$30 million will be pumped by Washington into environmental projects around Katowice in the near future, and the Federal Republic of Germany has also held out the prospect of an extensive aid program. Unvarnished data concerning the state of Upper Silesia's ecology have also been available since the founding of the Swedish-Polish Association for Environmental Protection.

For some weeks now there have been regular demonstrations in Zabrze against the largest coking plant in the town. "The Makoszowy must be closed" says Krzysztof Dziadak of the local branch of Solidarity. Hundreds applaud. Even Bronislaw Kaminski, the minister for environmental protection from Warsaw, takes the view that the most dangerous environmental time bombs must be shut down. The decision to do so, however, is up to the minister of industry. Thus, the "Makoszowy" coking plant will be able to continue to spew its unfiltered filth into air, and the coal pit belonging to it will not stop polluting the environment either. The Upper Silesian coal pits foul the surrounding rivers with 6,800 tons of salt daily. In addition, there is the untreated waste water of the other industrial installations. Tadeusz Przybylski of Krakow University on the subject of Upper

Silesia: "An ecological disaster area. Even Upper Silesia's entire forest area—and that is 200,000 hectares, after all—is sick, and one-third of it is already dead."

At present, work is under way in both Stockholm and West Berlin on the development of a detailed relief program for Upper Silesia containing the following points of emphasis:

- Reduction of air pollution by reducing SO<sub>2</sub> emissions. Technology transfer should afford relief in this instance.
- Install power-heat hookups. In order to reduce emissions from home heating sources, housing units are to be heated with the waste heat from the power plants.
- Connect up the southern Polish industrial area to the Soviet-West European natural gas line (the pipeline runs past Upper Silesia but thus far no thought has been given to a tap-in).
- Building municipal and industrial water treatment installations.
- Assistance with waste disposal management.

Zdzislaw Madrowicz from Zabrze remains skeptical: "It is well known that paper does not blush. You see how things are with us." The miner, who is disabled and can only work half-days in an office of his smelting plant, presumably is not unjustified in seeing things pessimistically. His country's problems are truly gigantic. Just the cleanup of the Vistula River alone, which gets a large share of its pollution from Upper Silesia, is estimated at 120 billion schillings. Merely to clean up this river, the construction of 820 purification plants would be necessary. In comparison to that, the cleanup of the Baltic Sea would be an outright bargain. Experts have calculated that to keep the Polish Baltic Sea coast clean, "only" 513 purification plants with a capacity of 1.85 million cubic meters of waste water per day would have to be set up in the country—equivalent to a financial expenditure of 2.6 billion schillings.

"Just the license for a desulfurization installation in one of Upper Silesia's big stinkers costs 560 million schillings" calculates Jonas Nycander of the Swedish-Polish Association for Environmental Protection on his portable computer. A few kilometers from the Swedish environmental engineer's office in Katowice, an assistant physician at the children's clinic in Zabrze cautiously opens a package from Stockholm: "Medicine for our children. You do not know what this parcel means for us. Our hospital can only afford the absolute essentials."

[Box p. 81]

### The Children of Chorzow

The Katowice-Bytom superhighway. Four lanes in each direction. To the right and the left the calling cards of communist urban planners: Prefab houses—kilometer after kilometer of them. Monotonous, joyless, grotesque.

Suddenly, four huge smokestacks appear on the horizon. Chorzow Steel Works—about 15 km outside of Katowice.

A strange spectacle. Imagine steel being produced on the open street in the middle of Linz! In Chorzow, where you can actually see the steel workers at their jobs from the sidewalk, the smokestacks have been belching for 35 years. Around the clock the dirt is being poured out into the air unfiltered. In the shadow of the four gigantic chimneys there is an inconspicuous building complex. What might formerly have been yellow now appears to be dirty gray housepaint. The children's hospital of Chorzow.

Anna Kasznia-Kocot, the medical director, is just coming out of the operating room. "A very routine tonsilectomy for a change" she says smiling amiably and inviting us on a tour. In the first room, right next to the door, a crib. A 14-year-old boy is dozing away. "Hydrocephalus" explains the physician who must perform at least four operations a day. The boy with hydrocephalus wakes up and begins to cry. Two beds further, the next child with hydrocephalus. "The environmental pollution causes many genetic changes. Added to that is the high consumption of alcohol of the people here and the poor nutrition. Most malformations, however, are the fault of the environmental conditions."

In the next room a two-year-old boy is just being prepared for an operation. He has a protuberance on his back which constantly becomes inflamed. He has been in the hospital for a week. No one comes to visit him—his mother has to work and his father is in the hospital at Gliwice with stomach cancer. In another room, two girls: five-year-old Mariana has a serious defect of the cardiac valve; three-year-old Elzbieta, it is hoped, will soon be able to move the fingers of her right hand. Until yesterday's operation, her fingers were grown together. Next to Elzbieta a tot of one and one-half years whose members are growing in the wrong direction. The physician, who is known throughout the country for her skill, explains: "We do not know yet whether we can operate. The child is in very critical condition."

The horror-visit lasts one and one-half hours. Upon leaving the hospital, it appears that another load of coal has been laid on in the steel mill opposite. Enormous brownish-yellow plumes of smoke are billowing from all four smokestacks. Every year 1,000 children are born in Chorzow.

[Box p. 83]

### Rain as an Accomplice

Room 403 in the Hotel Katowice. A bed, a table, a chair. As a sign of special "comfort": a hidden heating unit. Glowingly warm walls, even during the night—which is why the window is opened before going to sleep. The (unaccustomed) noise outside is blocked out of the mind with relaxation techniques: "I am very calm, the room is quiet," and so on. Raindrops clatter on the metal-clad

window sill. A glance at the alarm clock: 0310. Relaxation techniques again to get back to sleep: "I am very calm, the rain does not disturb me," and so on.

Suddenly, a strange smell in the room. Pungent, penetrating. As in a nightmare, a billow of smoke comes in through the open window and fills the so-called hotel room with an intense sulfurous stench. Out of the bed then and shut the window and open and close the door until the worst of the stink has gone. Another glance at the alarm clock: 0335. An electronic beeping ends this restless night four hours later.

At breakfast then (which you can usually wait more than a half hour for in the Hotel Katowice, but in exchange

you get to watch the breakfast baked goods getting older morning after morning) comes the explanation for the nocturnal apparition: When it rains, the factory smokestacks are always cleaned out in Katowice (and not only there). That way, the rain is made an accomplice—it drives to the ground the flue ash that otherwise would swirl about in the air. For years they have been saving expensive filter installations this way in the Upper Silesian industrial complex.

Whoever drove his car that morning in Katowice, had to first scrape off his windows. Instead of snow, a blackish-gray slime stuck to the windshield wipers. The rain lasted too briefly to wash away the traces of that night's "cleaning."

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